# BORDEN

IF IT'S BORDEN-IT'S GOT TO BE GOOD

ANNUAL REPORT 1990

## Building Brands and Improving Performance to Raise Shareholder Value

Puerto Rico:

***Borden*** cheeses

***Coco Lopez*** cream of coconut and fruit drink mixes

***La Famosa*** juices and nectars

**International:**

Belgium – ***ReaLemon*** lemon juice from concentrate, ***Lemoitre*** chocolate truffles

Canada – ***Eagle Brand*** sweetened condensed milk, ***Cracker Jack*** caramel-coated popcorn and peanuts, ***ReaLemon*** lemon juice from concentrate, ***Snow's*** chowders and sauces, ***Snow's***, ***DeJean's*** and ***Highliner*** canned seafood products, ***Catelli*** pasta sauce, ***Bravo*** pasta sauce and vegetables, ***Gattuso*** pasta and pizza sauces, ***Milk Mate*** milk flavorings

Denmark – ***Cocio*** and ***Congo*** bottled chocolate milk and ***Chocola*** chocolate drink

Japan – ***Borden*** cheeses

Spain – ***Gallina Blanca*** dry soup mixes, ***Hoy Menu*** side dishes and ***Avecrem*** bouillon (exported to Middle East and Africa as ***Jumbo*** dry soup mixes and bouillon), ***Sopas Hechas*** aseptic soups

Sweden and Norway – ***Cocio*** bottled chocolate milk


## Dairy

***Borden*** whole, lowfat, skim and chocolate milks and buttermilk; cottage cheese, sour cream, whipping cream and other creams; egg nog; orange juice; fruit drinks

- ***Hi-Protein*** lowfat milk
- ***Light*** sugar-free chocolate lowfat milk and nonfat yogurt
- ***Lite-line*** protein-fortified skim milk, cottage cheese, sour cream and yogurt
- ***Thirstee Smash*** fruit drinks

***Borden*** ice cream and frozen novelty bars, sandwiches and pops; frozen yogurt and yogurt pops

- ***Eagle Brand*** ice cream
- ***Fat Free*** frozen desserts
- ***Lady Borden*** ice cream and brownie sandwiches
- ***Light*** ice milk and sugar-free frozen novelties
- ***Frostick***, ***Mississippi Mud***, ***Juice Stix*** and ***Glacier Bar*** frozen novelties

***Meadow Gold*** whole, lowfat, skim and chocolate milks and buttermilk; cottage cheese, sour cream, whipping cream and other creams; egg nog; orange juice; fruit drinks

- ***Mountain High*** yogurt
- ***Viva*** lowfat milks, protein-fortified skim milk, cottage cheese, sour cream and yogurt; sugar-free chocolate lowfat milk and nonfat yogurt and cottage cheese

***Meadow Gold*** ice cream and frozen novelty bars, sandwiches and pops; frozen yogurt and yogurt pops

- ***Fat Free*** frozen desserts
- ***Light*** ice milk
- ***Olde Fashioned Recipe*** ice cream
- ***Turtles*** frozen novelties
- ***Viva*** sugar-free frozen novelties

Regional:

***KLIM*** whole milk powder (New York)

Puerto Rico:

***Nevada*** and ***Carnaval*** ice cream

**International:**

Worldwide export – ***KLIM*** whole milk powder

Bahamas and Costa Rica – Milk, ice cream and other dairy products

Colombia – ***KLIM*** and ***El Rodeo*** whole and skim milk powder

Japan – ***Lady Borden***, ***Lady Borden Excellence*** and ***Borden Home Made*** ice cream; ***Borden Corn 100***, ***Corn 100 Light***, ***Cake*** and ***Rich Blend*** margarines

Panama – ***KLIM*** whole milk powder; ***Borden*** ice cream, frozen yogurt, cheeses, juices and nectars


## Non-Food Consumer

Wallcoverings – ***Birge***, ***Borden Home Wallcoverings***, ***Borges***, ***Crown***, ***Fashion House***, ***Foremost***, ***Guard***, ***James Seeman Studios***, ***Mitchell Designs***, ***Satinesque***, ***ShandKydd***, ***Storeys***, ***Sun-Tex***, ***Sunwall 54***, ***Sunwall 27***, ***Sunworthy*** and ***Wall-Tex***

***Elmer's*** household, carpenter's and specialty glues, cements, building adhesives, caulking compounds, sealants and wood fillers

- ***Fill 'N Finish*** wood filler
- ***Glu Colors*** decorative glues
- ***Slide-All*** lubricant
- ***Stix-All*** adhesive
- ***Wonder Bond*** adhesive

***Krazy Glue*** instant glues

- ***Aron Alpha*** industrial adhesives

***Accent*** and ***Country Colors*** artist/craft brush-on paints

**International:**

Brazil – ***Alba Cas Cola***, ***Cas Colar*** and ***Cascorez*** glues and adhesives; car-care products; epoxies, paints, shoe polish, specialty tapes and hobby paints

Canada – ***Sunworthy*** wallcoverings; ***Elmer's*** glues and other products; ***Krazy Glue*** instant glues

Colombia – ***EGA*** glues and adhesives; car-care products; paints and coatings; shoe polish; household waxes and cleaners

Ecuador – ***Elmer's*** glues and adhesives; car-care products; household waxes; shoe polish

France – ***Heller*** plastic model kits

United Kingdom – ***Crown*** and ***Storeys*** wallcoverings; ***Humbrol*** and ***Airfix*** plastic model kits

West Germany – ***Borges*** wallcoverings


## Films and Adhesives

***ALpHASET***, ***Betaset*** and other foundry resins; refractory coatings

***Casco***, ***Cascophen***, ***Cascoset*** and other specialty adhesives

Forest products adhesives

***LUV*** and other industrial coatings and resins

***Loadmaster*** and ***Resinite*** palletwrap films

***Proponite*** and ***OPPtimum*** packaging films

***Resinite*** and ***Sealwrap*** foodwrap films

**International:**

Film products – Belgium, France, Germany, Greece, Italy, Netherlands, Spain and United Kingdom; Canada; Argentina, Brazil and Ecuador; Australia, Japan, New Zealand and Taiwan

Forest products adhesives – France, Spain and United Kingdom; Canada; Argentina, Brazil, Colombia, Ecuador and Uruguay; Australia, Malaysia and Philippines

Foundry resins – France, Spain and United Kingdom; Argentina, Brazil and Colombia; Australia, Japan, Malaysia and Philippines

Rigid plastic packaging – France, Italy, Netherlands and United Kingdom

Specialty adhesives – France and United Kingdom; Brazil

# Principal Borden Products by Brand

## Pasta


***Creamette***
***Creamette Pennsylvania Dutch***
***Silver Award***
***DeCecco*** (imported from Italy; distributed)
***Fiberoni*** high fiber
***Superoni*** protein fortified

Regional:

***Anthony's*** (Southern California, Arizona and Nevada)
***Bravo*** (New York)
***Dutch Maid*** (Northeast and North Central)
***Gioia*** (Upstate New York and Pennsylvania)
***Globe A-1*** (California)
***Goodman's*** (Northeast and Miami)
***Luxury*** (Gulf Coast)
***Merlino's*** (Pacific Northwest)
***Mrs. Grass*** (Chicago)
***New Mill*** (Midwest)
***Prince*** (Northeast and North Central)
***R•F*** (Midwest and Southwest)
***Red Cross*** (Midwest)
***Ronco*** (Southeast and Mid-South)
***Vimco*** (Pennsylvania, Ohio and New York)

**International:**

Brazil – ***Adria***, ***Adria Italianissimo*** and ***Raineri***
Canada – ***Catelli***, ***Creamette***, ***Lancia***, ***Romi***, ***Splendor***, ***Gattuso***, ***Golden Wheat*** and ***Nelia***
Italy – ***Albadoro*** and ***Monder***

## Snacks


***Borden*** cheese puffs, corn snacks and pretzels
***Bravos*** tortilla chips and premium tortilla strips
***Cheez Doodles*** corn puffs
***Cottage Fries*** potato chips
***Krunchers!*** potato chips
***La Famous*** tortilla chips, dips and salsa
***New York Deli*** potato chips and other snacks
***Ranch Fries*** snacks
***Ridgies*** rippled potato chips
***Seyfert's*** pretzels
***Snack Time*** single-serve snacks
***Spirals*** crispy corn snacks
***Wise Choice*** premium popcorn

Regional:

***Borden*** potato chips (Texas)
***Buckeye*** potato chips (Ohio)
***Clover Club*** potato chips and other snacks
***El Molino*** and ***Little Pancho*** tortillas, chilis, sauces and spices (Mountain/Western)
***Crane's*** potato chips (Illinois)
***Geiser's*** potato chips and other snacks (Wisconsin)
***Guy's*** potato chips, nuts and other snacks (Midwest)
***Jays*** potato chips, popcorn, other snacks
***O-ke-doke*** cheese-flavored popcorn (Illinois and Great Lakes)
***Laura Scudder's*** potato chips, nuts and other snacks (California, Arizona and Nevada)
***Moore's*** potato chips and other snacks (Virginia, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina and Georgia)
***Quinlan*** pretzels (East Coast)
***Red Seal*** potato chips, ***El Dorado*** corn and tortilla chips, and ***Barrel 'O Fun*** snack products (Mountain)
***Seyfert's*** potato chips, nuts and other snacks (Indiana and Michigan)
***Snacktime*** pretzels, popcorn, dips and other snacks
***Cain's***, ***Chesty***, ***KAS*** and ***Kitty Clover*** potato chips
***Cornies*** cheese puffs
***Indian Brand*** corn chips
***Pepitos*** and ***Tor-ticos*** tortilla chips (Midwest)
***Wise*** potato chips and other snacks (East Coast and Texas)
***Dipsy Doodles*** rippled corn chips (East Coast)

Puerto Rico:

***Filler*** potato chips and other snacks

**International:**

Canada – ***Humpty Dumpty*** potato chips and other snacks
Ecuador – ***Crecs*** and ***K-Chitos*** potato chips and other snacks
Malaysia – ***Wise*** potato chips, other snacks
Spain – ***Crecs*** potato chips, other snacks, ***Horrero*** cakes and sweet baked snacks
United Kingdom – ***Sooner*** snacks, ***Rileys***, ***Groovers*** and ***Primes*** potato chips, ***Nik-Naks*** corn sticks, ***Wheat Crunchies*** wheat snacks, ***Crunchies Fries*** potato and corn snacks, ***Bumpkins and Fries*** corn snacks and ***Harvest Rings*** wheat and rye snacks
West Germany – ***Weber***, ***Jaus***, ***Nur Hier***, ***Nuschelberger*** and ***Stefansback*** sweet baked snacks and specialty breads


## Niche Grocery

***Bennett's*** sauces
***Borden*** egg nog
***Borden*** aseptic milks
***Borden***, ***Serv***, ***Americana***, ***Chatsworth*** and ***Pitch 'R Pak*** individual portion control products
***Borden*** process cheese and process cheese substitute products
***Lite-line*** cheese products
***CheezTwo*** process cheese substitute
***Campfire*** marshmallows
***Cary's*** maple syrup
***Classico*** pasta sauce
***Coco Lopez*** cream of coconut and fruit drink mixes
***Cracker Jack*** caramel-coated popcorn and peanuts
***Cremora*** and ***Cremora Lite*** non-dairy creamer
***Doxsee*** chowder and clam products
***Eagle Brand*** sweetened condensed milk
***Fisher*** cheese substitute products
***Sandwich-Mate*** slices
***Ched-O-Mate***, ***Pizza-Mate***, ***Salad-Mate*** and ***Taco-Mate*** shredded products
***Harris*** canned crabmeat and specialty soup products
***Hilton's*** oyster stew and chowders
***Kava*** acid reduced instant coffee
***MacDonald's*** maple syrup
***MBT*** broth
***Meadow Gold*** process cheese
***None Such*** mincemeat
***Ocean Fresh*** pasteurized crabmeat
***Orleans*** and ***DeJean's*** canned seafood products
***ReaLemon*** lemon juice from concentrate
***ReaLime*** lime juice from concentrate
***Snow's*** chowders and clam products
***Soup Starter***, ***Stew Starter*** and ***Minestrone Starter*** dry mixes
***Steero*** bouillon and broth products
***Vermont Maple Orchards*** maple syrup
***Wyler's*** bouillon

Regional:

***Aunt Millie's*** spaghetti sauce (Northeast)
***Gioia*** spaghetti sauce (Upstate New York)
***Prince*** spaghetti sauce (Northeast and Midwest)
***Bama*** jams, jellies and preserves, syrup, peanut butter and mayonnaise
***Lite & Fruity*** low calorie fruit spreads (Southeast and Southwest)
***Borden, Gregg's*** and ***Re-Mi*** foodservice mayonnaise, salad dressings and soup bases (Midwest, Southwest and West Coast)
***Country Store*** instant mashed potatoes (Midwest and Southwest)
***Cutcher*** canned seafood products (Wisconsin and Utah)
***Dime Brand*** sweetened condensed milk (Southwest)
***Laura Scudder's*** natural peanut butter (Mountain, Western and Texas)
***Magnolia Brand*** sweetened condensed milk (New York and Miami)
***Mrs. Grass*** soup and dip mixes (North Central)

Borden, Inc. founded in 1857, is a worldwide producer of foods, non-food consumer products, and packaging and industrial products. The Company is number one in the world in pasta, wallcoverings, forest products adhesives and vinyl wrapping films; number one in U.S. dairy; number two in salty snacks in North America; and number one or two (nationally or regionally) in 27 U.S. niche grocery product categories.

# Financial Highlights

| *(In thousands except per share and percentage amounts)* *Year Ended December 31,* | **1990** | **1989*** | **% Change** |
|---|---|---|---|
| **Operating Results** | | | |
| Net sales | **$7,632,837** | $7,653,318 | −0.3 |
| Income taxes | **212,000** | 63,100 | N/M |
| Net income (loss) | **363,596** | (60,552)** | N/M |
| Net income (loss) per common share | **2.46** | (0.41)** | N/M |
| Dividends: | | | |
| Common share | **1.035** | .90 | +15.0 |
| Preferred series B share | **1.32** | 1.32 | |
| Total dividends | **152,788** | 133,090 | +14.8 |
| Acquisitions | **157,119** | 264,314 | |
| Capital expenditures | **331,089** | 243,960 | +35.7 |
| **Financial Position** | | | |
| Working capital | **$ 179,121** | $ 472,015 | −62.1 |
| Current ratio | **1.1:1** | 1.3:1 | |
| Total debt to adjusted total capitalization | **53%** | 51% | |
| Shareholders' equity | **$1,841,562** | $1,645,415 | +11.9 |
| Equity per common share | **12.50** | 11.12 | +12.4 |
| Common shares outstanding | **147,271** | 147,956 | |
| Return on average shareholders' equity | **20.9%** | N/M | |

**Reclassified to conform with change in business policy.*

***Includes one-time after tax charge of $404,378, or $2.73 per share, related to reconfiguration and restructuring programs explained in Note 3 to Consolidated Financial Statements.*

*N/M – Not meaningful because of net loss in 1989.*

## Contents



*The product names shown in boldface italics in this report are trademarks of Borden, Inc.*

# Letter to Shareholders and Employees

Borden achieved a moderate increase in earnings in 1990, while making major progress in our drive to become a low-cost manufacturer in every business by 1992.

Net income reached $364 million, and earnings per share were $2.46, a 6.0% increase over the previous year (excluding the reserve from the 1989 figure). Sales of $7.63 billion in 1990 about equaled the previous year, as growth in other areas offset the downsizing of our U.S. dairy business.

The 1990 earnings improvement was achieved while we invested heavily for the Company's long-term growth – and despite intense competition in the snack business, severely depressed dairy margins during the first half of the year, and the onset of increased energy costs companywide and recession during the second half.

By the second half, there was a visible recovery in the dairy business, as product prices steadied and raw milk costs began to moderate for the first time in over two years. In snacks, the costs of the continuing war for supermarket shelf space squeezed profits in most regions, but good results in eastern U.S. markets helped to offset the costs of increased competition.

Except for the dampening effect of recession, performance was strong in our other businesses during 1990. In pasta, we significantly strengthened our North American market leadership, and our ***Creamette*** national pasta brand moved closer to the number one position for single-brand share of sales. With more aggressive marketing, we achieved solid sales increases for such strong niche grocery brands as ***Borden*** and ***Borden Lite-line*** cheese, ***Classico*** pasta sauce, ***ReaLemon*** lemon juice, ***Eagle Brand*** sweetened condensed milk, ***Cremora*** non-dairy creamer, and ***Wyler's*** and ***Steero*** bouillon. Improved operating efficiency helped both our wallcoverings and forest products adhesives businesses to maintain earnings in the face of an industrywide softening of demand.

## Good Progress on Reconfiguration

Meanwhile, we reached the halfway mark in a 2½ year worldwide program of plant construction, modernization and consolidation that will reduce manufacturing and distribution costs when it is completed in 1992.

The $650 million capital investment program was launched in the last quarter of 1989, to modernize production and to capitalize on the larger size of our businesses by building larger, more efficient plants that achieve economies of scale. The first of the new capacity came onstream in 1990, and we began consolidating production out of smaller, less efficient facilities.

However, it takes time to build new plants and install new equipment, and 1990 was primarily a year of construction. The pace will quicken in 1991 both for plant completions and for the flow of savings from new facilities.

Our worldwide reconfiguration program was launched with the long term in mind. Its purpose is to cut costs permanently and increase the funds available for the support of Borden brands – and in that way position the Company for sustained growth in an age of increasing global competition.

There is a short-term benefit as well: More efficient production and distribution provides added defensive strength in a deepening recession.

## Strength through Corporate Citizenship

Two other initiatives in 1990 strengthen Borden for the long term: the adoption of the **Borden Principles of Environmental Responsibility**, and the establishment of the new executive position of vice president, social responsibility.

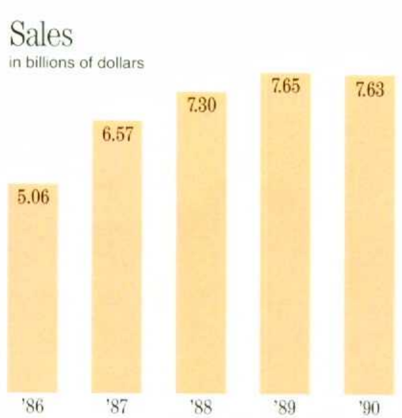
Both actions (described later in this report) reflect our conviction that the long-term security of a business today is inseparable from good corporate citizenship in its broadest sense.

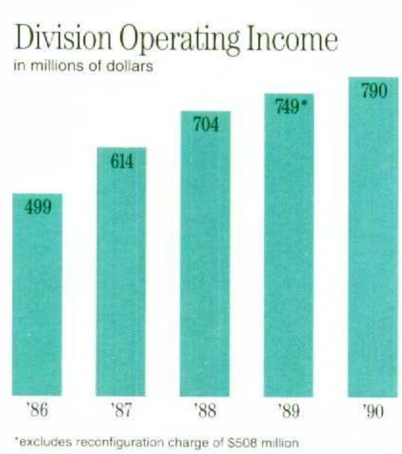
## Borden Transformations

These continue to be years of transformation for Borden:

• First, starting in 1986, our transformation into a company strongly focused on six strategic growth areas;

• Second, the rapid buildup of mass




and leading market positions in those businesses through 87 precise acquisitions and internal growth;

• Third, the accelerated modernization of our manufacturing and distribution through the reconfiguration program;

• And fourth, the ongoing transformation of the Company through all of our programs to grow and develop people, culminating in the most comprehensive: the SQP Program.

None of this could have happened without the dedication, creativity and sustained effort of thousands of Borden employees.

## Success with SQP

Borden people are the very heart of the fourth transformation, which is well under way in our workplaces today. Through the SQP Program we are changing the way we work together.

The SQP Program enlists all plant employees in the improvement of Safety, Quality and Performance – and shares the gain of improved performance with them. The home-grown program has evolved directly from the experience of supervisors and line workers in Borden plants since the first 45 pilot programs in 1988.

In 1990, 144 plants conducted SQP programs, developing their own specific safety, quality and performance goals, sharing those goals and the realities of their businesses with all plant employees, and working in partnership on day-to-day improvements.

The program gathers momentum every year. It has improved an already good safety record, reduced union grievances, unleashed a flood of money-saving employee suggestions, eroded barriers between labor and management, and won employee commitment by putting safety first. The program will be extended to 214 plants worldwide in 1991.

The snowballing success of the SQP Program is a tribute to the loyalty, the concern and the creativity of thousands of employees who have leaped at the chance to play an active role in the improvement of plant performance.

* * *

Our management was greatly strengthened in 1990 by the election of A. S. D'Amato as president and chief operating officer. His distinguished 31-year career at Borden has provided him with broad experience in both consumer and industrial products businesses, with both domestic and international responsibilities, to apply to the Company's future growth.

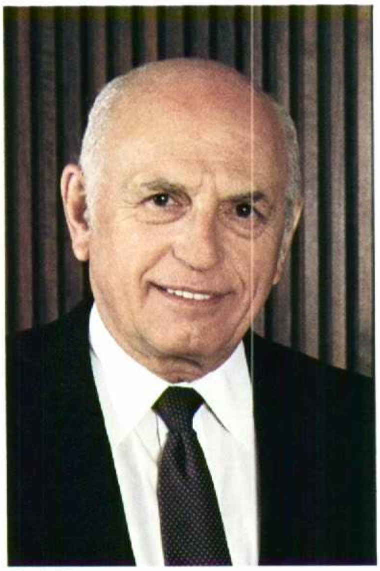
Mr. D'Amato joins me in signing this letter – and in paying tribute to all the Borden people around the world who are working to make your Company stronger. Their commitment and growing involvement may well be the most important strength we carry forward into the challenging years ahead.

We are also indebted to an outstanding group of Directors, who bring to your Board a deep and diverse experience, absolute integrity, dedication to shareholder concerns, and the courage and foresight to work toward the long-term vigor of a company that enters its 135th year in May 1991.

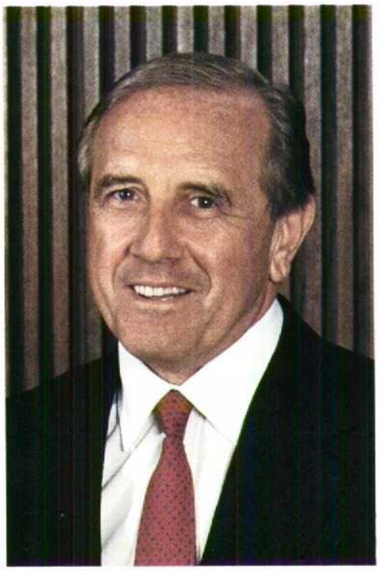
To our shareholders, who now include over 17,000 Borden employees, we pledge every effort to increase the value and security of their investment. The programs under way today will help sustain growth and security in the future. Borden is one of a handful of American companies never to miss a dividend: Payments have been unbroken since 1899, and they have risen each year for 17 consecutive years.

R. J. Ventres
*Chairman and*
*Chief Executive Officer*

A. S. D'Amato
*President and*
*Chief Operating Officer*



R. J. Ventres



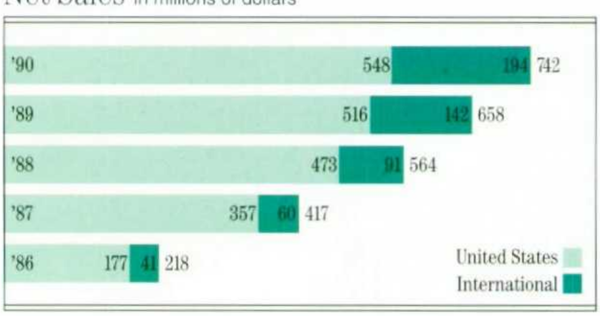
A. S. D'Amato

# Borden Businesses at a Glance

## Pasta

Pasta has been the Company's fastest-growing business since 1986. Borden is the largest producer not only in the United States, but also in Canada, Brazil and the world. Company brands account for 34% of the retail dollars spent on dry branded pasta in North America. The flagship ***Creamette*** brand – the only one in the industry distributed throughout the United States – is sold alongside Borden's family of popular regional brands.

Net Sales in millions of dollars



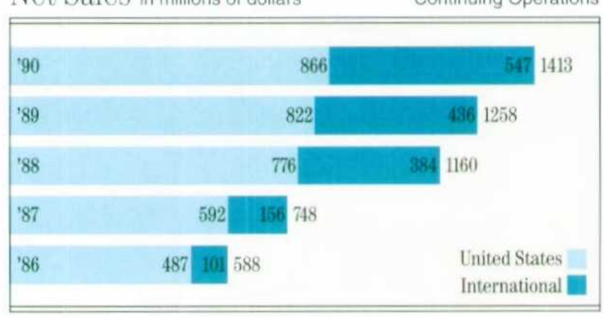

Key Factors:

- Pasta is one of the most rapidly growing food products in the supermarket, sparked by good nutritional value, economy, ease of preparation and recipe versatility.
- For health-conscious consumers, pasta offers a perfect response to the U.S. Surgeon General's advice to cut down on dietary fat, cholesterol and sodium and to increase complex carbohydrates.
- Borden is on schedule with a $108 million capital investment program, which expands North American pasta capacity by 25% as it replaces older equipment.
- Stepped-up marketing and promotional programs are strengthening the position of Borden brands with consumers and the trade.

## Snacks

Borden is a solid number two in the North American salty snack market. The Company's regional brands have strongholds across the United States and into eastern Canada, and are complemented by a growing family of powerful national brands. In Europe, Borden is a leader in the huge German market for sweet baked snacks and a major salty snack producer in England and Spain.

Net Sales in millions of dollars Continuing Operations




Key Factors:

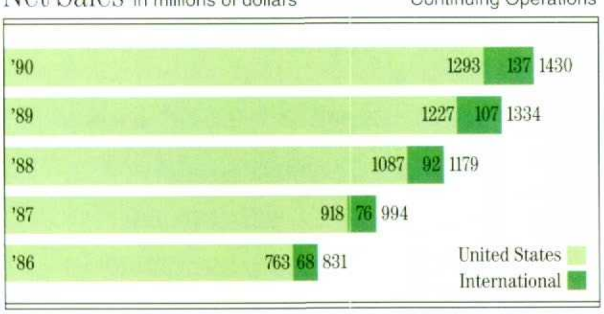
- Borden gained slightly in the face of intense industry competition to over 10% share of U.S. retail snack sales in 1990 (twice the next highest company).
- ***Krunchers!*** premium potato chips will reach West Coast consumers in 1991, completing a highly successful national rollout.
- Major steps to improve efficiency in manufacturing and distribution were implemented during the second half of 1990.
- Borden is beginning to expand its sweet snack business beyond the former West Germany into the newly opened markets of Eastern Europe.

**Borden's worldwide businesses are tightly focused in the six strategic growth areas highlighted on pages 4 to 6. The Company has built or strengthened leading market positions in each one through internal business development and 87 precise acquisitions from March 1986 through 1990. Now Borden is capitalizing on its new size by reducing operating costs and becoming a more aggressive marketer of branded products.**

## Niche Grocery

Brand by brand, Borden has amassed a niche grocery business with a major presence on U.S. supermarket shelves. The business includes 41 U.S. brands that give Borden number one or two positions, either nationally or regionally, in 27 product categories. Internationally, Borden has 10 additional brands that have helped to achieve leadership in 13 categories in other countries.

Net Sales in millions of dollars — Continuing Operations



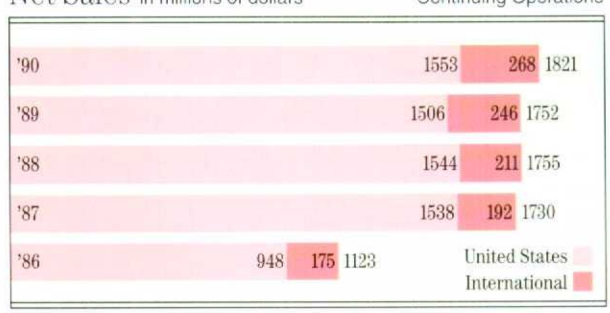

Key Factors:

- Leadership in a diversity of small- to medium-sized product categories provides balanced growth in sales and income.
- Multiproduct plants process many niche brands under one roof, gaining the efficiency of high-volume throughput even for low-volume grocery products.
- Three strategically located foodservice hyper-plants will be operating by the middle of 1991.
- The addition of more brands in more categories since the start of 1986 has strengthened Borden's position with retailers and opened attractive opportunities for cross-brand advertising and promotional programs.

## Dairy

Borden is a regional dairy company with the number one U.S. industry share. Fluid milk and cultured products operations are concentrated primarily in the South and West, where the ***Borden***, ***Meadow Gold***, ***Lite-line*** and ***Viva*** brands are consumer favorites; ice cream is distributed in other regions as well. Internationally, Borden has ***KLIM***, the second-best-selling brand of whole milk powder, and other dairy operations in Latin America and Japan.

Net Sales in millions of dollars — Continuing Operations



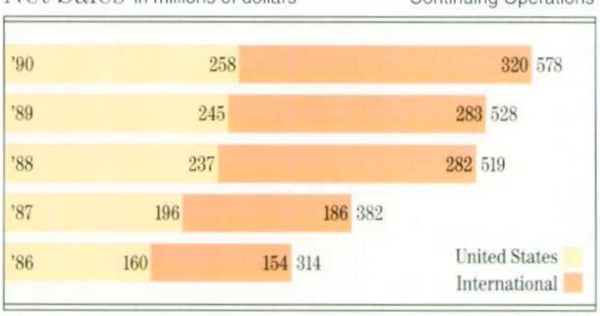

Key Factors:

- The downsizing of Borden's U.S. dairy business was completed during 1990, when the Company sold or closed facilities in overcrowded market regions.
- Profit margins are benefiting from improved processing and distribution efficiency and a late-1990 easing of the record run-up of raw milk costs.
- Borden has a complete line of low-fat and non-fat dairy products, increasingly the choice of today's health-conscious consumers.
- ***Elsie the Cow*** returned to television in 1990 as the focal point of an award-winning regional advertising campaign that has helped to build consumer preference for Borden brands.

## Non-Food Consumer

With manufacturing units in the United States, Canada, England and Germany, Borden is number one in the world in wallcoverings and has a leading domestic position in decorative overlay products. Borden also markets the two best-selling U.S. brands of consumer adhesives: the ***Elmer's*** family of household, school and other glues, and the ***Krazy Glue*** line of instant glues.

Net Sales in millions of dollars — Continuing Operations



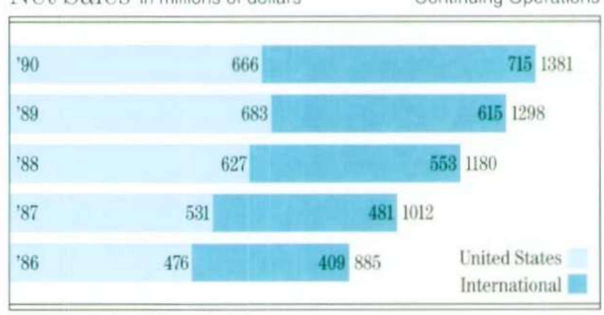

### Key Factors:

- Integration of Borden's wallcovering units in North America, and of its European operations, is increasing efficiency in manufacturing, marketing, distribution and administration.
- Borden is on the forefront of the shift toward in-store stocking programs with home centers and mass merchandisers, buoyed by strong consumer recognition of its ***Wall-Tex*** and other wallcovering brands.
- Since forming a joint venture with rights to the ***Krazy Glue*** brand in January 1990, Borden has marketed it side-by-side with ***Elmer's*** glues, helping both products to gain even wider retail distribution and more shelf space.

## Films and Adhesives

Borden is the U.S. leader in vinyl foodwrap films and also a leader in many of its European and Far Eastern plastic packaging businesses. In forest products adhesives, Borden is number one in the world in size, technology and customer service. Strong positions in foundry and other industrial resins, high-technology coatings and specialty adhesives round out the growth area.

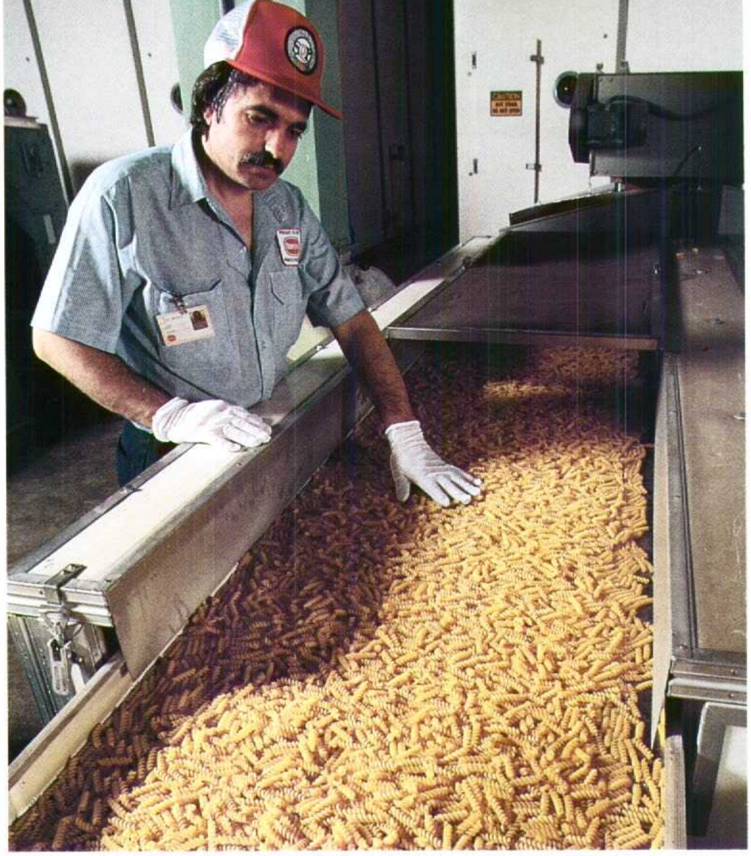
Net Sales in millions of dollars — Continuing Operations




### Key Factors:

- In both packaging films and forest products adhesives, Borden has shifted to a global business management structure to take advantage of operating synergies and growth opportunities that cross national borders.
- Following a major European films acquisition in 1989, two large film businesses in the Far East were purchased during 1990.
- Performance of the Borden forest products adhesives business is stabilized, even when industrywide product demand softens, by unmatched plant locations and the industry's broadest, highest-quality product line.
- Demand is rising dramatically for Borden high-technology coatings for fiber optics, computer chips and other electronics applications.

Growing in the 1990s will require special strengths of American companies, beginning with the ability to produce quality goods at low cost, in the face of growing global competition.



The first of 17 new North American pasta lines began operating in 1990 at the Prince hyperplant at Lowell, Massachusetts. Shown: Antonio Iria, packing lead man.

# Building Strength for the 1990s

**This section reports on Borden's position in six areas of special challenge:**

The SQP Program at Humpty Dumpty Foods' Brampton, Ontario, plant has yielded significant labor and raw material savings. Shown (left to right): SQP team captains Lydia Knight, Gregg Haughey, Nadia Fable, Bertha Sutherland, Kathy Sudic, George Sipkas and Maria Kovacic.

### 1. Reconfiguring to Lower Costs –
A mid-course progress report on the worldwide program under way to streamline and modernize manufacturing and distribution by 1992.

### 2. Building Brand Power –
A summary of the Company's greatly increased brand strength, strategy and growth.

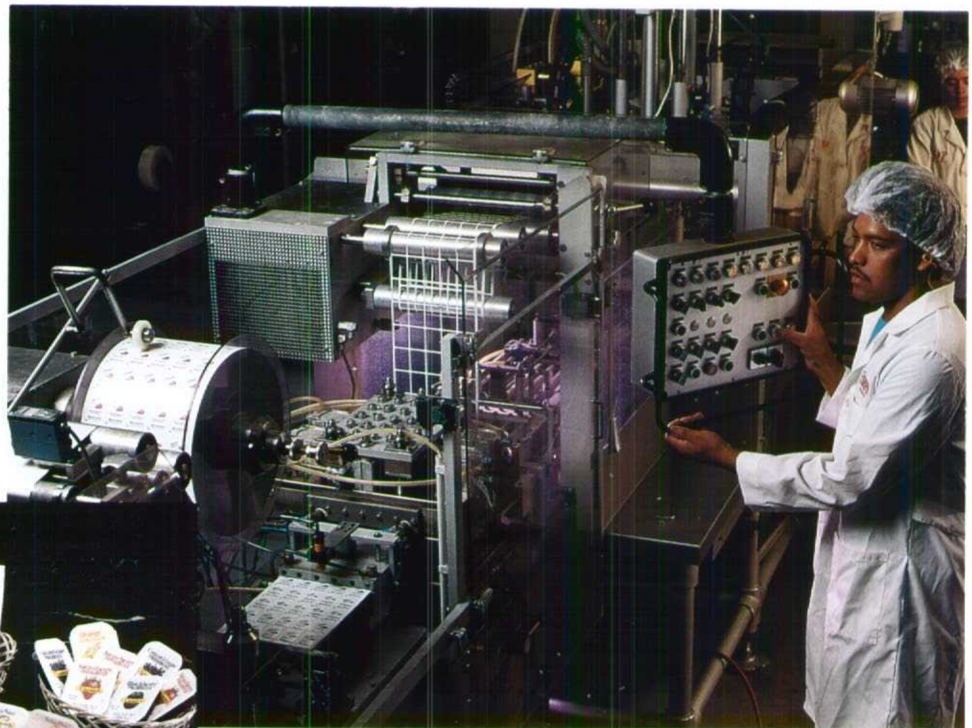
### 3. Growing in Key International Markets –
New moves to expand Borden's position in global markets, including Eastern Europe.

### 4. Tapping the Potential of Employees –
How the Borden SQP Program, with its primary emphasis on safety, is eroding barriers between labor and management, changing the workplace and improving performance.

### 5. Safeguarding the Environment –
A progress report on a long-standing campaign to avoid pollution, conserve energy and respond effectively to new environmental concerns.

### 6. Fostering Responsible Corporate Citizenship –
How Borden works to strengthen responsible corporate citizenship in both the workplace and the community.

The year 1990 saw rapid progress on a $650 million program of plant construction, expansion and consolidation that will make Borden a more efficient producer in every business by 1992. By year-end, the initial new capacity was on stream. The pace will quicken in 1991, when the program will be substantially completed.



An expansion of the Chatsworth, California, foodservice plant starts up in early 1991, to make premium single-portion (left) and bulk grocery products. Shown: Tomas Valenzuela, servicer.

# 1. Reconfiguring to

The worldwide program of plant construction, expansion and modernization involves every business area and nearly every Borden facility, one way or another. These are the highlights:

**Pasta**

Borden is already the largest and lowest-cost North American pasta producer, with four state-of-the-art hyperplants among its facilities at year-end 1990. A $108 million capital expansion program well under way will widen this cost advantage. It will add 17 new pasta production lines – some to expand existing hyperplants, and others to equip two new hyperplants.

Two of the pasta lines began operation in 1990, at the Lowell, Massachusetts, and New Hope, Minnesota, plants. A third starts up in early 1991 at the Phoenix, Arizona, plant.

Wise Foods' Berwick, Pennsylvania, hyperplant is the nation's largest potato chip plant and among the most efficient of Borden's snack facilities. Shown: Mary O'Dell and Nelly Hoyt, packers.

Borden Dairy quickly expanded this modern fluid milk plant at Conroe, Texas, after acquiring it in late 1989. Shown (foreground): Billy Seiter, filler operator.

# Lower Costs

Seven new lines will equip a $50 million hyperplant at St. Louis, Missouri, set to begin partial production in the second quarter of 1991. The other new hyperplant is being developed by expanding and renovating Borden's Catelli facility at Montreal, Quebec, and is scheduled for initial operation in the third quarter of 1991.

When the program is complete in early 1992, Borden will have replaced the older half of its pasta capacity with its new equipment and expanded its net North American capacity by 25% to about 1.3 billion pounds annually.

**Snacks**

In North American snacks, Borden consolidated seven high-cost facilities over the 1986 – 1990 span and developed four facilities into hyperplants: Berwick, Pennsylvania; Kaysville, Utah; Liberty, Missouri; and Brampton, Ontario.

The Company is further reducing snack manufacturing costs by automating labor-intensive operations and maximizing production in the most efficient plants.

To reduce snack delivery costs, Borden is segmenting its route structure – separating delivery routes servicing small customers like grocery and convenience stores, from routes servicing large supermarket customers. Some supermarkets receive supplemental deliveries of the highest-volume snacks by tractor trailer.

In Europe, the Sooner Snacks plant at Scunthorpe, England, was modernized and expanded in 1990. In January 1991, Borden acquired the Weissenfelser bakery business near Leipzig in eastern Germany; its facility will be expanded quickly to supply the fast-growing eastern German business.

**Niche Grocery**

A $90 million capital expansion program in foodservice includes three strategically located hyperplants: a new facility at Jackson, Mississippi, which began partial operation at year-end 1990; an expansion at Chatsworth, California, set to operate during the first quarter of 1991; and another new facility, at Chambersburg, Pennsylvania, scheduled for initial production during the third quarter of 1991. The investment allows Borden to streamline from nine scattered foodservice plants at mid-1989 to five locations by mid-1991.

In late 1990, Borden completed a $15 million expansion of its clam processing facility at Cape May, New Jersey, consolidating production there from a facility in Pine Point, Maine.

**Dairy**

Borden reduced operating costs in 1990 in its dairy business by expanding two facilities (for fluid milk at Conroe, Texas, and ice cream at Syracuse, New York) and by consolidating production from several under-utilized dairies. An ice cream expansion at Columbus, Ohio, will be completed in 1991.

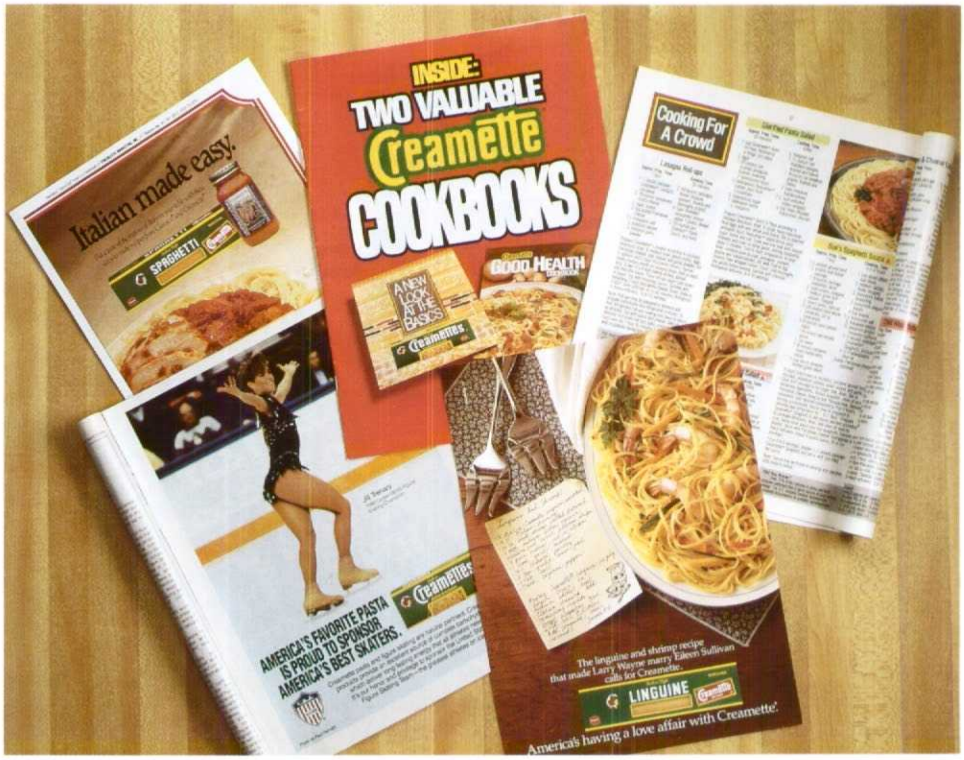
**Non-Food Consumer**

Borden enhanced its low-cost advantage in worldwide wallcoverings during 1990 by fully integrating manufacturing in Europe and computerizing distribution in North America. A wallcovering plant in England was closed, and a residential wallcovering warehouse in Ohio was eliminated.

In other decorative products – printed overlays and laminates – Borden's Orchard unit is expanding a state-of-the-art plant at Blythewood, South Carolina, which it acquired with the purchase of Letron, Inc. in 1990.

The Borges plant at Osnabruck, Germany, is state-of-the-art in producing high-fashion, high-quality wallcoverings. Shown: Udo Kalke, foreman.

Recent acquisitions have expanded Borden's family of national and regional consumer brands. The cost savings from reconfiguration provide more funds to support these brand franchises.




Borden uses a full range of marketing tools to promote ***Creamette*** pasta: national print advertising, cookbooks, sports marketing and tie-ins with other Borden brands.

# 2. Building Brand


The "Home for the Holidays" promotion has bolstered sales for ***Eagle Brand*** sweetened condensed milk, ***ReaLemon*** juice, ***None Such*** mincemeat and ***Borden*** egg nog for 15 consecutive years.

Much of the brand strength shown on the covers of this annual report is new. Since the start of 1986, Borden has:

- Increased its principal pasta brands in North America from 5 to 24, and extended ***Creamette*** brand to U.S. national distribution;
- Increased its North American snack presence from 22 to 38 national and regional brands; and
- More than doubled its U.S. collection of popular niche grocery brands from 18 to 41.

The Company also added the well-known ***Meadow Gold*** and ***Viva*** dairy brands, several strong U.S. and European wallcovering brands, and ***Krazy Glue***, North America's best-selling instant adhesives.

Borden is now beginning a major, long-term drive to capitalize on this new brand strength through more advertising and marketing support. The initiative will be funded largely by investing some of the production, distribution and other cost savings achieved by reconfiguration.

**Pasta**

Borden supports both ***Creamette*** brand, the only national pasta, and its North American network of regional pasta brands.

***Creamette*** moved closer to the U.S. industry's number one position in single-brand share of retail sales in 1990. Borden brands continued to rank number one in total, accounting for one of every three dollars spent on dry branded pasta in North America.

Marketing programs for ***Creamette*** and the regional pasta brands include national and regional print and television advertising, sports marketing programs and supermarket trade promotions.

**Snacks**

Borden mounted a year-long consumer campaign in 1990 for its national and regional snack brands, through Sunday newspaper inserts and direct mail coupons. To maximize impact, regional efforts were coordinated nationwide and timed with holidays and other peak snacking periods.

***Krunchers!*** potato chips are number one in Borden's expanded family of national snacks. The product, now available in 37 states, moved into metropolitan New York, New England, Washington, D.C., Colorado, New Mexico and eastern Canada in 1990, and will roll out to West Coast consumers in 1991.

Other brands in the Borden national arsenal include ***New York Deli*** and ***Cottage Fries*** potato chips, ***Cheez Doodles*** corn snacks, ***La Famous*** tortilla chips, ***Seyfert's*** pretzels and ***Wise*** popcorn.

**Niche Grocery**

Since 1986, Borden has achieved leading U.S. category positions – number one or two share of sales, either nationally or regionally – by adding 23 brands in 11 more categories, including pasta sauce, pure maple syrup, dry soup mixes, substitute cheese slices, and ***Borden Lite-line*** cheese – was launched successfully on the West Coast in 1990. It builds preference for Borden brands by locking in product freshness and helping consumers to store ***Borden*** cheese neatly in a reclosable/recyclable container.

**Dairy**

Borden expanded dairy advertising in its regional strongholds in the South and West in 1990. A sustained program of radio, television and print advertising was used to support the complete line of dairy products.

***Elsie the Cow*** returned to television in a 30 second animated spot. The creativity and originality of the total campaign helped Borden to win the year's top award for advertising excellence and two others from the International Dairy Foods Association.

Dairy continued to expand its ice cream and frozen desserts business into new markets in 1990. ***Lady Borden*** premium ice cream was reformulated and repackaged; and a new half-gallon package will be introduced in the Northeast in early 1991.

Moore's Quality Snacks is a leader in single-serve snacks sold through convenience stores, an area of emphasis for Borden Snacks in 1991.

# Power

natural peanut butter and various canned seafood specialties. Borden now has 41 major brands in 27 U.S. categories (and 10 additional brands that help provide leading positions in 13 categories in other countries).

More popular brands in more categories adds up to more marketing clout with food retailers and consumers. Borden has stepped up its promotions and advertising, including tie-ins of several Borden brands. A recent "Soup and Sandwich" theme, for example, promoted ***Soup Starter*** alongside ***Borden*** cheese slices. A campaign linking ***Classico*** sauce with ***Creamette*** pasta generated record sales for ***Classico***.

***Singleskeeper*** – an innovative package for ***Borden***


Borden offers pasta and a growing array of alternative dairy, snack and niche grocery products for health-conscious consumers.

## Targeting Health-Conscious Consumers

Borden is strengthening its brand franchises by offering alternative varieties for health-conscious consumers – products that are reduced (compared with the standard foods) in one or more of the following: fat, cholesterol, calories or sodium.

Especially popular are reduced-fat and non-fat dairy products, including frozen desserts, cultured foods, and skim and low-fat milk. Borden pioneered reduced-fat and reduced-calorie cheese with the ***Lite-line*** brand in the 1970s, and today also leads in cheese slices based on vegetable oil.

Borden offers reduced-sodium branded bouillon, broth, cheese and peanut butter. ***Cremora Lite***, the first non-dairy creamer made with no tropical oils, has 70% less saturated fat than any competitive non-dairy creamer.

Many of Borden's national and regional snack brands are available in no-salt or reduced-sodium varieties. All Borden snack brands are free of tropical oils and oils that contain cholesterol.

Borden actively promotes the healthfulness of pasta. Pasta naturally provides good nutritional value – high in complex carbohydrates with low fat, no cholesterol, very little sodium, and a good source of vegetable protein and fiber. U.S. consumption boomed during the 1980s, and all signs indicate that pasta will continue to be one of the most popular foods of the 1990s.

Borden is building stronger global positions in all of its businesses by aggresively pursuing opportunities in Europe, Canada, the Pacific Rim and Latin America.


Borden's Canadian consumer brands include top-selling pasta, pasta sauces, niche grocery products and adhesives, as well as the nation's number two snack brand.

# 3. Growing in Key

International operations account for a growing share of Borden's business. As recently as 1987, international operations were only 18% of total sales and 20% of operating income. By 1990, they were 28% of sales and operating income.

1990 international sales totaled \$2.2 billion, with 52% in Europe, 18% in Canada, 8% in the Far East, 17% in Latin America, and 5% in the Middle East and Africa.

**Europe**

Borden's fastest-growing European business is sweet baked snacks. Wilhelm Weber, one of Germany's largest commercial bakers, is complemented by three leading regional chains of retail bakeries (***Nur Hier***, ***Nuschelberg*** and ***Stefansback***) with nearly 300 outlets. The bakery operation is growing via:

• Expanding commercial products into the former East Germany. Weber already has 40 new routes and four depots supplying supermarkets in eastern Germany with packaged baked goods; the Weissenfelser acquisition multiplies that presence.

• Opening retail bakeries in eastern Germany. The first ***Nur Hier*** outlet opened to excellent consumer response in Wismar in November 1990.

• Acting on opportunities elsewhere in Eastern Europe. In late 1990, Borden signed a joint venture agreement with a Hungarian partner to produce sweet snacks and operate retail bakeries, with four outlets slated for Budapest in 1991.

Borden has other strong European positions to build upon:

• In pasta, Borden's base consists of Albadoro and Monder Aliment in Italy; and in salty snacks, the Company operates Sooner Snacks in the United Kingdom and Crecspan in Spain.

• In niche grocery, Borden's joint venture in Spain, Gallina Blanca, is that nation's leader in dry soups and bouillon and a major world exporter. Gallina Blanca modernized and expanded its San Juan Despi plant in 1990 to meet rapidly growing demand for its products.

• In wallcoverings, Borden's Crown/Storeys unit in the United


High-quality boutique shopping bags are one of the products made by Borden's plastic films and packaging business in Australia.

# International Markets

Kingdom is the top producer of fast-growing expanded and blown vinyls, and the Borges unit in Germany is a leader in both high-fashion wallcoverings and state-of-the-art manufacturing.

• In plastic films and packaging, Borden expanded by nearly a third when it acquired the FIAP Group in late 1989. Sales across Europe now exceed $250 million annually.

**Canada**

With the recent rapid growth in Borden's Canadian pasta, sauce and snack businesses, Borden is now one of Canada's major manufacturers of food and industrial products.

Borden holds the largest share of pasta sales in Canada. The best-selling ***Catelli*** brand was acquired in 1989, and its leading position was strengthened in 1990 with the purchases of the ***Lancia*** and ***Gattuso*** pasta businesses.

In niche grocery products, Borden is number one in Canadian pasta sauces thanks to the same acquisitions. ***Catelli*** is the top-selling brand, complemented by the ***Bravo*** and ***Gattuso*** brands, as well as by ***Classico***, Borden's leading U.S. premium pasta sauce introduced to Canadian consumers in 1990.

Borden is also the category leader with ***Eagle Brand*** sweetened condensed milk, ***ReaLemon*** lemon juice, ***Cracker Jack*** caramel popcorn and ***Snow's*** canned seafood and soups, and holds second place with ***Milk Mate*** milk flavorings.

The Company's Humpty Dumpty snack unit strengthened its number two share in Canada in 1990 by introducing ***Krunchers!*** potato chips and ***Cheez Doodles*** snacks, borrowed from Borden's U.S. snack family.

To spur growth and improve operating performance, all of Borden's major transborder businesses have been structured as unified North American operations, including pasta, snacks, wallcoverings, films and adhesives.

**Pacific Rim**

Borden is actively developing opportunities in the Pacific Rim countries. Existing businesses in Japan, Malaysia, the Philippines, Australia and New Zealand include snacks, powdered whole milk, ice cream, cheese, forest products adhesives, and plastic films and packaging.

The Company acted in 1990 to accelerate growth in Japan of its branded food products. Borden is ending a local partnership and establishing its own production, distribution and marketing capabilities for cheese, margarine and ice cream. The non-food products business in Japan continues to grow through excellent joint venture operations with Japanese partners in flexible packaging and foundry materials.

Elsewhere in the region, Borden strengthened its position in plastic films and packaging by acquiring leading producers in Australia and New Zealand in 1990. The forest products adhesives business will be expanded in 1991 with a new plant in Malaysia. Borden is working on snack, pasta and other product opportunities throughout the Pacific Rim.

**Latin America**

Company operations in Latin America include local leaders in whole milk powder, fluid milk, ice cream and other dairy products in Colombia and Costa Rica. Three projects are expanding this presence:

• New capacity coming onstream in 1991 for whole milk powder in Colombia;

• Construction of equipment in Colombia, also scheduled for operation in 1991, to produce that country's first individually wrapped American process cheese slices; and

• Acquisition in June 1990 of the remaining 50% interest in Borden's Costa Rican dairy unit, formerly a joint venture.


The first ***Nur Hier*** bakery in eastern Germany opened with tremendous success in November 1990 at Wismar, offering a wide range of sweet snacks and breads.

# 4. Tapping the Potentia

SQP is a unique employee involvement and gain-sharing program that is improving safety, quality and performance at Borden plants worldwide by encouraging partnership in the workplace.

Borden is unleashing the creativity and effort of its employees in a drive to strengthen the Company through the Borden Safety, Quality and Performance (SQP) Program.

The Program sets specific plant performance goals for safety, quality and performance, and then seeks employee input in finding ways to achieve them. It has:

- Generated and put to work thousands of employee suggestions, ranging from simple equipment modifications to entirely new approaches to plant operations and problem-solving;
- Encouraged employees to work together in teams to make improvements and provided a framework for training in team-building and individual skills; and
- Forged a new cooperative partnership between employees and management, by sharing plant goals, developing a common program to reach them, and giving employees a new gain-sharing stake in the outcome.

One result is a permanent change in the workplace. Employees have a renewed sense of pride, loyalty and enthusiasm that comes with a real voice in the workplace and recognition for their accomplishments.

Employees also share the dollar savings from improved plant performance in the form of cash awards for each employee, which can amount to several hundred dollars. Each plant competes against its own past performance and can be a winner every year. However, a plant must first meet safety goals to qualify.

The "glue" that bonds Borden people together in SQP is the Program's **primary emphasis on safety**. Safety is

Jackie DiPronio works in quality assurance, and Ken Norcott is a forklift driver at the ***ReaLemon*** plant in Waterloo, New York.

Kim Bukowski is a production manager at the Borden Dairy ice cream plant in Syracuse, New York.

(Left to right) Jeff Winfrey, color matcher, Steve Cook, engraver, and Shirlene Boykin, technical services manager, are all with Borden's Orchard Decorative Products unit in St. Louis, Missouri.

the highest priority for employees and the greatest single focus of employee suggestions.

Safety improvements have been dramatic across the board. Employees and Borden benefited from a 25% drop in recordable accidents at SQP participating plants in 1989 and a further 15% decline in 1990. These improvements are on top of a safety record that was already among the best in the food industry.

Companywide, cost savings resulting from SQP totaled about $15 million in 1990, when 144 plants with 28,000 employees participated. A greater contribution is expected in 1991, when the Program reaches 214 Borden plants worldwide. SQP is projected to contribute $100 million in cost savings through 1994.

Barbara Bussell (center), a Meadow Gold line employee at Nashville, Tennessee, is flanked by Lisa Coleman (left) and Flo Bedwell (right), line employees at the Ravarino & Freschi pasta plant in St. Louis, Missouri.

# of Employees

Yvette Sibley is a line supervisor at the Snacktime facility in Terre Haute, Indiana.


## SQP's Top Achievers

Borden employees at many SQP participating locations across the Company made outstanding improvements in safety, quality and performance in 1990. Here are a few examples:

- Employees at the ***Eagle Brand*** sweetened condensed milk plant in Starkville, Mississippi, recorded perfect scores in safety and quality, while surpassing their productivity goal.
- Humpty Dumpty snack plant employees at Brampton, Ontario, achieved significant money-saving gains in oil, potato and packaging yields and in labor efficiency, while markedly improving safety and quality.
- Drivers at the Meadow Gold dairy in Tulsa, Oklahoma, have logged nearly three million accident-free miles since 1989, while plant employees improved processing efficiency and maintained outstanding quality.
- An employee SQP task force at the Vernon Plastics plant in Haverhill, Massachusetts, solved a quality problem with its vinyl sheeting, dramatically improving customer satisfaction.

In today's crowded world, Borden is committed to operate for the long-term future of the environment as well as the long-term future of the Company.

Borden recognizes its responsibility to protect the environment and has programs and practices in place worldwide to avoid pollution from its operations and products.

To reinforce this long-standing commitment and spur employees to higher standards of excellence, the **Borden Principles of Environmental Responsibility** were developed and formally adopted in September 1990, with the full support of top management and the endorsement of the Board of Directors.

Borden's environmental program includes aggressive source reduction and waste minimization initiatives – praised as pioneering by independent environmental groups.

The Company's forest products adhesives plants set the pace. Three are essentially closed-loop operations with zero discharge of hazardous liquid wastes. Through a series of sophisticated process engineering developments, potential waste streams are re-used within the plants. Step by step, Borden is engineering its other adhesives facilities toward the same objective.

Similarly, the Borden vinyl film operations regrind virtually all of the edge material trimmed off when cutting film to uniform roll width; and a portion of the trimmings from the Company's wallcovering operations are reclaimed to reduce waste.

Waste minimization efforts in Borden food plants include:

• Careful design of the new food-service hyperplants to minimize both the loss of food materials into wash-water and the total gallons of water to be treated and discharged.

• Equipment installed at the Cape May, New Jersey, clam plant to reduce


# 5. Safeguarding the

## Borden Principles of Environmental Responsibility

As responsible corporate citizens, we recognize the need to harmonize our operations with increasing environmental requirements. We take a serious view of our environmental responsibilities in handling and using raw materials, in manufacturing our products, and in packaging and distributing what we make.

We must continue to make consistent, measurable progress in fulfilling those responsibilities worldwide, continually updating our practices to reflect advances in knowledge and technology, and following these principles:

1. To maintain compliance with governmental and community standards of environmental excellence.
2. To manufacture products using materials and packages determined to be good choices for consumer health, safety and environmental quality.
3. To maintain programs to minimize energy use per unit of output.
4. To aggressively minimize waste through source reduction, process control, recycle/reuse, changes in operational procedure and byproduct innovation.
5. To engineer facility expansions and modernizations designed to approach and achieve zero discharge of pollutants: air, water and solid waste media.
6. To select and retain outside consultants, contractors, disposers, treaters, handlers, shippers and suppliers based on their demonstrated commitment to environmental excellence.
7. To examine consistently and with the most reliable technology, the impact our operations have on public health and the environment, and the ecological impact of our packaging and products.
8. To operate our facilities in a manner that is open, honest and cooperative with employees, neighbors and governmental authorities.
9. To include scientifically knowledgeable members on our Board of Directors and provide the Board with regular reports from the Company's top environmental management.
10. To staff our operations with professionally qualified people to ensure that these principles are observed, and that creative solutions to environmental challenges are vigorously and effectively pursued.

the volume of washwater and recover clam material from the waste stream. The remainder is purified before discharge in a new, multimillion-dollar, state-of-the-art "sequential biological reactor" system.

• Another potato-starch recovery system – Borden's fourth such unit – which began operating in mid-1990 in Liberty, Missouri. Selling the recovered starch to other companies earns a profit as it eliminates a waste stream that would need to be treated before discharge. More systems are scheduled for installation in 1991.

• The reuse of corrugated shipping boxes for snacks, which average more than five roundtrips between plant and retailer; and the similar reuse of milk cases and shipping pallets.

Borden formed a corporate Reduction at Source Task Force in 1990 to identify and act on similar opportunities to minimize waste resulting from raw material selection and use. Working to reduce, and where possible eliminate, the toxicity level of waste caused by raw materials is a second Task Force priority. For example, a water-based system to wash wallcovering print drums went into operation in January 1991 at Columbus Coated Fabrics, eliminating the emission of solvent-based washing materials.

Janet Ricks, lead chemist in the corporate Science and Technology Department, uses an advanced mass spectrometer in Borden's new Columbus, Ohio, environmental laboratory, opened in late 1990.

# Environment

The Company also has taken steps to reduce the post-consumer impact of its product packaging on the environment – without wavering from the absolute need for packaging that protects food purity and quality.

One step is an intensified effort to use lighter weight but equally strong packages, especially to reduce the disposal load on landfills. Lighter weight packaging materials have always been an economic imperative, since lighter bottles, cans and paperboard boxes are less expensive to purchase and to transport.

Another step is to encourage the recycling of Borden packaging by consumers and make recycling easier for processors. During 1990, Borden:

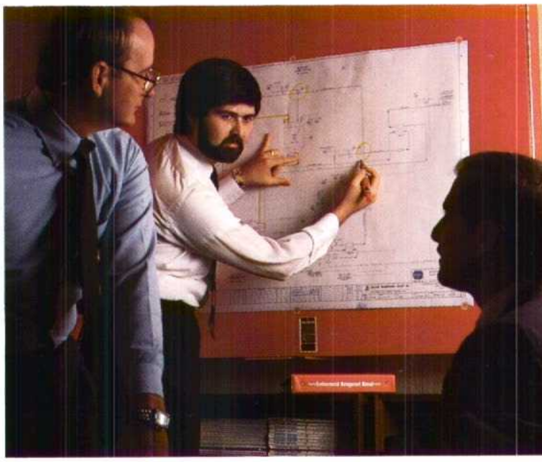
• Introduced mandatory coding of rigid plastic containers with a system developed by the Society of the Plastics Industry, to help recyclers identify and sort different plastic materials.

• Launched a program to mark glass, steel, aluminum and paper packages with symbols that remind consumers the materials are recyclable in areas where collection facilities exist.

• Began a phased reduction of heavy metals used in package printing inks, adhesives and labels, which reduces the amount of hazardous metals that might escape to the atmosphere when packages are incinerated, or reach groundwater when they are landfilled.

Borden itself uses recycled packaging materials if there is no risk of contaminating product. Most of the paperboard used in Borden's U.S. pasta boxes is 100% recycled material; glass, steel and aluminum packages also have a growing content of recycled material.

The Company actively participates in many industry groups working on environmental issues. Among them are the Council for Solid Waste Solutions, the packaging/solid waste committee of the International Life Sciences Institute, the World Environment Center and the Council on Plastic Packaging in the Environment.


Process engineering manager Cris Lunn and process engineer Bruce Buchholz (left and center) discuss ways to reduce waste with Rick Springer, environmental engineering manager.

To ensure that corporate citizenship receives top-level attention, Borden created the position of Vice President, Social Responsibility, in 1990, reporting directly to the Chairman and Chief Executive Officer.


Borden supports the St. Vincent's Children Center in Columbus, Ohio, in its work with severely emotionally disturbed children, ages six through twelve.

# 6. Fostering Responsible

The Vice President, Social Responsibility, monitors Company performance on key social issues, suggesting improvements and alerting senior management to new issues that require an operational or policy response.

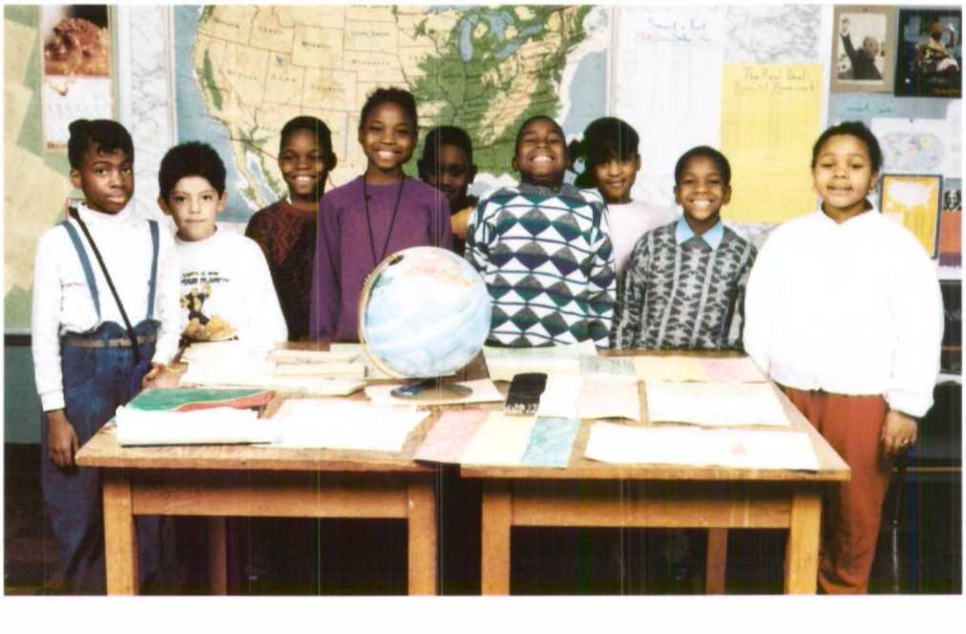
Borden works to demonstrate its social responsibility in many ways, including comprehensive equal employment opportunity practices, pacesetting programs for minority purchasing and carefully focused charitable contributions.

**Equal Employment Opportunity (EEO)**

Borden's policy is to hire, train, promote, compensate and make all other employment decisions without regard to an individual's race, color, sex, age, religion, national origin or handicap.

The Company regards EEO not as a legal obligation but as sound business policy, and is committed to the goal of full representation of qualified minorities and women in the workforce.

Borden sets affirmative action hiring and promotion goals (covering the handicapped and veterans as well as minorities and women) at each location, and for the Company as a whole. Performance evaluations of all supervisors and managers include their EEO efforts and results.



A grant under Borden's 10 Cities Program with the National Urban League provides educational assistance to third grade students at the Ellis Elementary School in Roxbury, Massachusetts.

A Borden contribution helped the Berwick, Pennsylvania, Hospital Center launch a 24-hour paramedic service for the community, which includes a Wise Foods plant.

# Corporate Citizenship

The U.S. Department of Labor – which randomly audits U.S. industry each year – found all 11 Borden sites reviewed in 1990 to be in substantial compliance with federal regulations.

Borden's affirmative action programs have resulted in a diverse U.S. workforce, in which minorities represent over 24% of the total, well above the 18% national average.

**Minority Purchasing**

Borden was a pioneer and continues to be a leader in minority purchasing, having established a voluntary minority purchasing program in the early 1970s. In 1990, Borden purchases of goods and services from minority suppliers totaled $72 million.

The Company has taken extra steps to make certain that minority suppliers have an opportunity to win business. Minority firms, for example, were involved early in the bidding process for the construction of Borden hyperplants at Jackson, Mississippi, and St. Louis, Missouri, and over $1 million has been spent with local minority firms on these projects.

Borden also made major purchases of wheat for its pasta business and potatoes for its snack business from Native American farmers, of plant equipment from Hispanic-owned firms and of raw milk from minority-owned producers.

In 1990, Borden acquainted nearly 700 more minority-owned firms to its program, through participation in trade shows across the United States.

Borden 1990 tax payments through minority-owned banks totaled more than $54 million, representing about 30% of its total tax payments.

**Charitable Contributions**

Charitable contributions are an investment to improve people's lives in the communities in which Borden operates.

The Borden Foundation, established in 1944, serves as the principal conduit for corporate contributions.

The Foundation responds to human needs by supporting various programs, but especially those benefiting disadvantaged children.

For the third year, Borden funded a special program with National Urban League chapters across the United States. It provides children in 10 cities, where Borden operations are headquartered or major plants are located, with opportunities for enhanced health care, academic development or cultural enrichment.

Disadvantaged children also benefit from programs that help the homeless, especially families. The Foundation has supported programs at five shelters in Columbus, Ohio (Borden's administrative headquarters city), all centered on breaking the cycle of homelessness.

The Foundation contributes to health and human services organizations, including federated drives such as United Way and United Fund agencies. In 1990, 44% of the Foundation's total grant dollars went to health and human service organizations in Borden locations.

Educational programs and institutions received 24% of Foundation dollars in 1990. The balance was contributed to civic programs, youth organizations, and cultural and arts activities.

Borden also matches employee donations to institutions of higher education and to health care, youth, cultural and charitable organizations. The Company encourages employees to participate in their communities by contributing to deserving organizations that they themselves support through the Borden Matching Gifts Program.

*(The following division comparisons exclude the effects of the 1989 reconfiguration charge on operating income.)*

# Grocery and Specialty Products Division


The division has North American responsibility for two strategic growth areas, pasta and niche grocery, and for the consumer adhesives portion of non-food consumer products.

Division sales improved 1.8% and operating income by 5.1% in 1990. There were gains especially in pasta (both from the ongoing U.S. business and from acquisitions in Canada) and in cheese products. These gains were partially offset by the effects of two divestments (Galloway-West industrial food products in October 1989 and Krylon spray paints in June 1990).

## Highlights

### Pasta

**United States**

Borden dollar sales of pasta outpaced the domestic industry growth rate in 1990, and U.S. operating income advanced substantially.

- The gains were led by ***Creamette***, Borden's flagship brand and the industry's only national pasta, and by ***Prince***, the leading brand in New England and several North Central markets.
- Sales benefited from a $15 million advertising and promotion effort.
- New production lines started operating at New Hope, Minnesota, and Lowell, Massachusetts.

**Canada**

Both sales and income jumped dramatically because of acquisitions.

- 1990 results include a full-year contribution from Canada's best-selling ***Catelli*** dry pasta brand, acquired by Borden in June 1989.
- The gains also reflect part-year contributions from ***Gattuso*** pasta, acquired in May 1990, and ***Lancia*** pasta, purchased in November 1990.

### Niche Grocery Products

**United States**

The division's U.S. niche grocery products dollar sales increased modestly in 1990, benefiting mostly from strong gains in cheese. Operating income edged up marginally as increased spending on advertising and promotion held back income even as it increased sales volumes and strengthened the market positions of many Borden brands.

**Cheese**

- Cheese advanced strongly in dollar sales in 1990.
- ***Lite-line*** diet cheese and ***Fisher Sandwich-Mate*** substitute cheese slices each strengthened their number one category positions.
- Response was excellent to the August 1990 introduction on the West Coast of ***Singleskeeper***, an innovative reclosable/recyclable package for ***Borden*** single-wrap slices. ***Singleskeeper*** rolls out nationally during 1991.

**Bouillon and Dry Soups**

- Sales were up for bouillon and dry soup mixes, sold under the ***Wyler's***, ***Steero***, ***Mrs. Grass***, ***Soup Starter*** and ***MBT*** brands.
- Special marketing programs sustained consumer demand during traditionally slow spring and summer months.

**Pasta Sauces**

- ***Classico*** premium pasta sauce widened its lead among U.S. premium pasta sauces.


***Singleskeeper***, a handy reclosable and recyclable package for ***Borden*** cheese, keeps single-wrap slices better organized and protects freshness longer than film overwraps. ***Cracker Jack*** caramel popcorn is a school lunchbox favorite.

Recipe ideas for delicious desserts continue to spur consumer demand for ***Eagle Brand*** sweetened condensed milk. (Shown left to right): Charlene Sneed, Borden Kitchens senior home economist, and ***Eagle Brand*** product managers Valerie Ogle and Susan Patterson.

- ***Aunt Millie's*** spaghetti sauce defended its market position in its Northeast regional market against several product introductions by competitors; red and white clam sauces were added to the line.
- Total sales dollars for sauces were up slightly.

**Seafood Specialties**

- Sales were up modestly in canned chowders, clams, crabmeat, shrimp and other seafood specialties, sold under the ***Doxsee***, ***Harris***, ***Hilton's***, ***Orleans*** and ***Snow's*** brands.
- Fish and corn chowders extended the ***Snow's*** line in 1990.

**Other Products**

- Sales of ***Eagle Brand*** sweetened condensed milk increased substantially.
- ***Cremora*** non-dairy creamer sales also increased substantially, benefiting from full-year sales of ***Cremora Lite***, the first non-dairy creamer made with no tropical oils.
- ***ReaLemon*** lemon juice was up modestly in dollar sales.
- ***Bama*** fruit products also rose modestly; heavy promotional spending for ***Bama*** jams and jellies and ***Bama Lite & Fruity*** reduced-calorie spreads enhanced their category positions in the South.
- ***Cracker Jack*** caramel popcorn broadened distribution in non-food and warehouse-type stores.

**Foodservice**

- Dollar sales of single-portion and bulk-size products were down slightly due to the onset of a recession in late 1990 and a decline in meals eaten away from home.
- The ***Borden*** brand was introduced during the year for a new line of foodservice products, to capitalize on its strong consumer recognition and quality image.
- The ***Chatsworth*** line of premium single-portion products was expanded to include preserves and jellies.

**Canada**

Gains in sales and income in 1990 reflect the acquisitions of the ***Catelli***, ***Gattuso*** and ***Bravo*** pasta sauce brands. Sales were nearly the same for Borden's range of other grocery brands in Canada.

### Non-Food Consumer

Consolidated dollar sales were slightly ahead of the prior year, including ***Elmer's*** consumer adhesives and home improvement products, and ***Accent*** and ***Country Colors*** brush-on artist and craft paints. The results exclude unconsolidated sales from a joint venture for ***Krazy Glue*** instant glue. A substantial gain in operating income for 1990, however, includes a strong contribution from the marketing of the ***Krazy Glue*** line.

- The joint venture that links Borden with the Japanese manufacturer of ***Krazy Glue***, the best-known name in instant glues, was formed in January 1990.
- Borden now markets ***Krazy Glue*** instant glues alongside its ***Elmer's*** family – America's favorite household adhesives.
- ***Elmer's GluColors***, a unique line of colored glues that can be used instead of paints to decorate arts, crafts and other items, will be introduced nationally in 1991.

# Snacks and International Consumer Products Division


The division is responsible for Borden's worldwide snacks growth area, for niche grocery and dairy (primarily whole milk powder) products outside the United States and Canada, and for films and adhesives in the Far East.

Division sales increased 13.0% in 1990, and operating income rose 11.4%. The advances principally reflect gains in the worldwide snack operations and the effect of 1990 acquisitions in the Far East in plastic films and packaging.

## Highlights

### Snacks

**North America**

Dollar sales improved modestly, and income rose to a greater extent in 1990. Strong performance in the East and a full-year contribution from Moore's Quality Snack Foods (purchased in June 1989) offset the impact of record marketing expenditures to counter intense competition, especially on the West Coast.

- Sales at Wise Foods grew at twice the industry rate in 1990, benefiting from the introduction of ***Krunchers!*** potato chips in New England and the Mid-Atlantic states, including metropolitan New York, and from added promotional support for ***Cheez Doodles*** snacks.

• Record sales at Humpty Dumpty Foods in Canada were buoyed by the introduction of two U.S. products (***Krunchers!*** potato chips and ***Cheez Doodles*** snacks) and improved distribution to supermarkets and convenience stores.
• Production from a Dallas, Texas, facility was consolidated into a lower-cost hyperplant at Liberty, Missouri.
• Ten North American snack plants automated labor-intensive operations during 1990 by installing state-of-the-art case packers, potato chip inspection systems and other equipment.
• ***Wise Choice*** premium popcorn was expanded to the Western states.
• The Quinlan Pretzel Co., whose ***Quinlan*** pretzel brand is popular in the East, was acquired in 1990.
• ***Bravos*** premium tortilla strips, test marketed in 1990, are slated for expansion to more regions in 1991.
• The national ***La Famous*** tortilla chip family was broadened to include a new ranch flavor.

**Europe/Other**
Substantially higher dollar sales and income were posted in virtually all of the European salty and sweet baked snack operations.
• Wilhelm Weber GmbH, Borden's German commercial bakery unit, showed dramatic gains, reflecting strong consumer demand in western Germany and a rapid sales growth in eastern Germany.
• Borden's three German retail bakery chains – ***Nur Hier***, ***Stefansback*** and ***Nuschelberg*** – also contributed strongly.
• Sooner Snacks in England benefited from increased van sales and improved manufacturing efficiency.
• Crecspan in Spain complemented its salty snack base with sweet baked snacks during the year.
• Borden operates smaller snack units in Ecuador and Puerto Rico, and an affiliate unit in Malaysia.

## International/Puerto Rico

**Dairy**
Dollar sales were up modestly in 1990, while operating income rose marginally.
• ***KLIM***, the world's second-best-selling brand of whole milk powder, achieved record sales in 1990, due in part to increased advertising and marketing support in many of the more than 100 countries where it is sold.

***Sopas Hechas*** aseptic-packaged soups were successfully introduced in 1990 by Gallina Blanca in Spain.

• ***KLIM*** performance was especially strong in established markets in Malaysia, Thailand, Singapore, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Mexico and Puerto Rico.
• Sales were begun or re-established in Honduras, Nicaragua, Papua New Guinea, Pakistan and Syria.
• Sales reached a record level in Colombia, where ***KLIM*** brand is produced for local consumption; ***Cremora*** non-dairy creamer and a skim variety of ***El Rodeo*** milk powder were introduced in 1990.
• Strong sales and income in Panama partly reflected the launch of frozen yogurt and other new products.
• The Mantecados Nevada ice cream unit in Puerto Rico increased sales by adding distribution and new products.
• In Japan, Borden assumed full ownership, production and marketing responsibility for ***Borden*** margarine in October 1990; ***Lady Borden*** and ***Borden Home Made*** ice cream will follow in 1991, and ***Borden*** cheese (a niche grocery product) in 1992.

**Niche Grocery and Pasta**
Dollar sales were up in total, but income declined because of weaker results in pasta in Italy.


***Krunchers!*** premium potato chips, one of America's fastest-growing snack brands, will be available coast-to-coast in 1991.

- Gallina Blanca, S.A., a joint venture in Spain, improved 1990 sales and operating income dramatically.
- Aggressive marketing and promotion supported ***Gallina Blanca*** dry soups and ***Avecrem*** bouillon, the top-sellers in their categories.
- New varieties were added to the popular ***Hoy Menu*** line of side dishes, and ***Sopas Hechas*** aseptic-packaged soups were successfully introduced in 1990.
- ***ReaLemon*** lemon juice sales to the European Community, Scandinavia and the Middle East improved.
- ***Cocio*** and ***Congo*** bottled chocolate milk set sales records in their Danish and Scandinavian markets.
- Grocery distribution operations in Puerto Rico performed better in 1990, partly offsetting weaker results for juices and nectars.
- The ***Monder*** and ***Albadoro*** pasta businesses in Italy were hurt by increased domestic competition.

**Films and Adhesives**
Total dollar sales and income jumped substantially due to acquisitions in Australia and New Zealand.

- The Abbot/Polyaustro packaging business, acquired in March 1990, strengthened Borden's position in Australian plastic films and packaging.
- Borden at the same time purchased (from Printpac-UEB) New Zealand's largest business supplying flexible packaging products to that country's food, wine and dairy industries.
- Hitachi-Borden Chemical Products, a Japanese joint venture that produces plastic films, has an expansion under way for co-extruded vinyl film, scheduled for completion in 1991.
- The Far East forest product adhesives business (consisting of operations in Australia, Malaysia and the Philippines) had improved 1990 sales and income.
- A second forest products adhesives plant in Malaysia is scheduled for operation during the second quarter of 1991.

# Dairy Division


The division is responsible for dairy operations in the United States.

The division reported declines of 17.2% in sales and 3.4% in operating income, reflecting its withdrawal from certain market regions and divestment of the butter business at year-end 1989. Excluding these factors, there were increases of 3.1% in sales and 6.7% in operating income in 1990.

## Highlights

### Division Downsized

The major restructuring of U.S. dairy operations initiated in late 1989 was substantially completed in 1990.

- The division withdrew from the fluid milk and cultured products businesses in depressed markets in the East, Midwest and Southeast.
- Ten plants in those regions were closed and four sold as ongoing operations; the division retained four of the plants originally scheduled to be sold.
- The buyers of three dairies and a dairy processor in one of the plant-closure areas continue to market ***Borden*** brand milk and cultured products.
- The division offers a full product line in strong regional markets, principally in the South and West, and retains most of its ice cream and frozen desserts business in the withdrawal regions.

### Ongoing Dairy Improvements

Operating results in the ongoing dairy regions improved substantially over the course of 1990 as a result of aggressive cost cutting and higher operating efficiency.

- Production was consolidated from four under-utilized plants in the South and West into nearby facilities.
- Improved product handling and cold storage facilities were added at several locations.

### Greater Brand Support

***Borden*** and ***Meadow Gold*** dairy products continued in 1990 to hold number one or two positions in 80% of their regional markets.

- Greater advertising and marketing support was given to low-fat and skim milks, premium ice milk, and low-fat and non-fat frozen desserts and cultured products – the fastest growing items in the dairy case.


***Borden*** and ***Meadow Gold Fat Free*** frozen desserts were launched in 1990 with excellent consumer response.

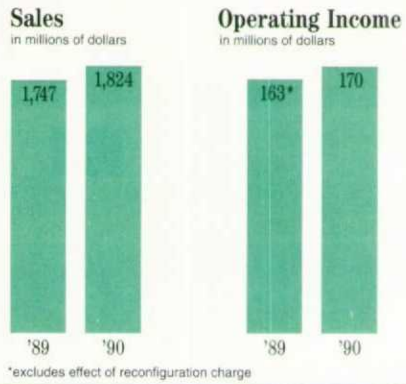
- ***Lite-line*** and ***Viva*** protein-fortified skim milk enjoyed strong sales gains expanding into all ***Borden*** and ***Meadow Gold*** markets in 1990.
- Sales of other low-fat and low-cholesterol dairy products also advanced in 1990, including ***Borden*** and ***Meadow Gold*** premium yogurt and frozen yogurt pops, and ***Borden*** and ***Meadow Gold Light*** premium ice milk.

### New Products Introduced

Borden stepped up the flow of new dairy products in 1990 with the introduction of non-fat frozen desserts and cottage cheese, and premium fruit juices.

- Consumer response was excellent to the introduction of ***Borden*** and ***Meadow Gold Fat Free*** frozen desserts in 1990.
- Non-fat frozen novelties will be added to the line in 1991.
- ***Viva*** non-fat cottage cheese, test marketed in several western dairy markets in 1990, is slated for systemwide rollout in 1991.
- ***Borden*** 100% Pure Juice (with no added sugar or preservatives) was introduced in 1990. Available in four fruit flavors, the juice comes in newly designed cartons that assure freshness and provide strong graphic appeal.

# Packaging and Industrial Products Division Domestic and International




The division has primary responsibility for the films and adhesives growth area and is also responsible for the wallcovering portion of the non-food consumer growth area and the pasta and non-food consumer areas in Latin America.

Worldwide operating income increased 4.6% in 1990 on a sales gain of 4.4%, benefiting mostly from improvement in worldwide wallcoverings, gains throughout European films and adhesives, and strong performance in domestic foundry resins and high-technology coatings.

## Highlights

### Plastic Films and Packaging

The North American/European units achieved substantially higher sales and operating income in 1990. Most of the improvement came from a full-year contribution of the FIAP Group in Europe, acquired in October 1989.

#### North America

Plastic films dollar sales and income were nearly equal to the prior year.

- Unit volumes were up, but profits were held back by competitive pressure on selling prices and higher raw material costs.
- ***Resinite*** foodwrap sales to supermarkets and food processors increased at twice the industry rate, and sales were higher for ***Sealwrap*** stretch film used by foodservice customers.
- ***Proponite*** polypropylene film for food packaging posted improved 1990 results.
- An expansion of ***OPPtimum*** aluminum metallized polypropylene film capacity in North Andover, Massachusetts, is scheduled for completion in the second quarter of 1991.
- ***Loadmaster*** polyethylene palletwrap film added sales with the early 1990 start-up of more capacity for one-sided-cling film at Gainesville, Texas.
- The Vernon Plastics unit posted higher income on good demand for its vinyl upholstery fabric and laminated vinyl products.

#### Europe

In addition to contributions from the FIAP Group, there were substantial gains in most of Borden's European flexible and rigid packaging operations, despite higher raw material costs.

- ***Resinite*** vinyl film sales were up, and income benefited from improved operating efficiencies.
- The rigid packaging group moved beyond its core geographies in Holland and France by expanding into the United Kingdom.
- Customer demand for polyethylene palletwrap film during 1990 kept plants operating at full capacity.

### Forest Products Adhesives

1990 dollar sales (North America and Europe) declined because of reduced

Borden specialty wood adhesives are used to make skis by K-2 Corporation.

industrywide product demand in North America from the weakening housing and construction market. Operating income was marginally ahead.

- The forest products adhesives businesses in the United Kingdom and Spain benefited from geographic expansion and new product introductions.
- Several phenolic adhesives introduced in North America in 1990 added to sales.
- A new forest products adhesives facility to supply customers in the Northeast is under construction at Mt. Jewett, Pennsylvania.
- Astro Industries, a producer of specialty adhesives for decorative laminates, textiles and paper products, was acquired in September 1990.
- Several joint marketing ventures were formed to expand distribution of Borden adhesives to the pulp and paper industry.

## Foundry/Industrial/ Specialty Resins

The business consists of foundry materials, industrial phenolic resins and specialty adhesives in the United States and Europe, and U.S. high-technology coatings. Total sales and operating income were up substantially in 1990.

- The Acme foundry materials unit achieved strong sales and income gains and wider acceptance of the patented ***ALpHASET*** and ***Betaset*** advanced foundry resin binders.
- Industrial phenolic resins capacity was added during the year at the Louisville, Kentucky, plant.
- Borden commercialized new specialty resins for aerospace and automotive applications, and ultra-high-purity grades for the computer industry.
- ***LUV*** high-technology coatings had substantially higher 1990 sales and operating income with increased demand from manufacturers of fiber optic cables and for use in proprietary systems that bond or laminate glass, ceramics and metals.
- Sales were strong in France for specialty adhesives and tapes.


In-store stocking programs for merchandising the ***Borden Home Wallcoverings*** product line allow do-it-yourselfers to "Buy it today...Hang it tonight!"

- Foundry and industrial phenolic resins did well especially in the United Kingdom, and also in Spain.

## Wallcoverings

Worldwide wallcoverings and decorative overlay products achieved modestly higher dollar sales and operating income in 1990, in the face of continued industry overcapacity and weak demand for commercial wallcoverings.

- The improved sales performance was led by Borden's Crown/Storeys unit in England, Borges in Germany and the Sunwall of America residential wallcovering unit.
- In-store wallcovering stocking programs were expanded with major U.S. retailers, home decorating centers and mass merchandisers.
- Borden began U.S. marketing of high-fashion expanded and blown vinyl wallcoverings – the fastest-growing market segment – imported from its European units.
- A major technical advance in the ***Guard*** product line widened Borden's lead in commercial wallcoverings.
- The Orchard Decorative Products unit, a leader in printed decorative overlays and industrial laminates, acquired Letron, Inc., the largest U.S. producer of foils for furniture and cabinet manufacture, in May 1990.

## Latin America

Dollar sales were modestly lower, and there was a dramatic drop in income in 1990, reflecting a major economic downturn that hurt the non-food consumer and films and adhesives businesses in Brazil.

- Borden realigned and downsized its Brazilian non-food operations to adjust to weak market conditions, while maintaining flexibility to resume greater sales and production when the economy recovers.
- Brazilian pasta sales were up in 1990, benefiting from good consumer demand; operating income was steady.
- Total 1990 sales and income were off slightly in the adhesives and other non-food operations in Argentina, Colombia, Ecuador and Uruguay.

### Partnership Contribution

Borden holds a 2% general partner interest in the publicly traded Borden Chemicals and Plastics Limited Partnership, which was formed in 1987 to acquire and operate the Company's polyvinyl chloride resins and basic chemicals businesses.

- Income to Borden from management fees and other items was down substantially in 1990.

# 1990 Financial Review

### Sales and Earnings

Sales for 1990 decreased 0.3% to $7.633 billion from $7.653 billion in 1989. Net income for 1990 reached an all-time high of $363.6 million, or $2.46 per share, compared to a net loss of $60.6 million, or $.41 per share, in 1989. Operating results for 1989 include a one-time charge of $570.7 million, $404.4 million after tax, or $2.73 per share, for the reconfiguration and restructuring programs announced in September 1989.

### Dividends

Dividends for 1990 were $1.035 per share, an increase of 15.0% over 1989. The increase in 1990 represents the seventeenth consecutive yearly increase. Dividends have been paid without interruption for 92 years. Future dividends and the amounts thereof will depend upon earnings, cash requirements and other relevant factors.

## Management's Discussion and Analysis of Financial Condition and Results of Operations

### Results of Operations

Following is a discussion of the results achieved, financial position and cash flows in terms of the Company as a whole and its four operating divisions for the three most recent years. A three year summary of sales and operating income for the four operating divisions is presented on page 28.

Net sales in 1990 decreased 0.3% to $7.633 billion from 1989 sales of $7.653 billion. Sales for 1989 increased 4.8% from 1988 sales of $7.304 billion. Sales attributable to operations closed or sold in connection with the reconfiguration and restructuring programs were $305.9 million for 1990, $604.2 million for 1989 and $674.7 million for 1988.

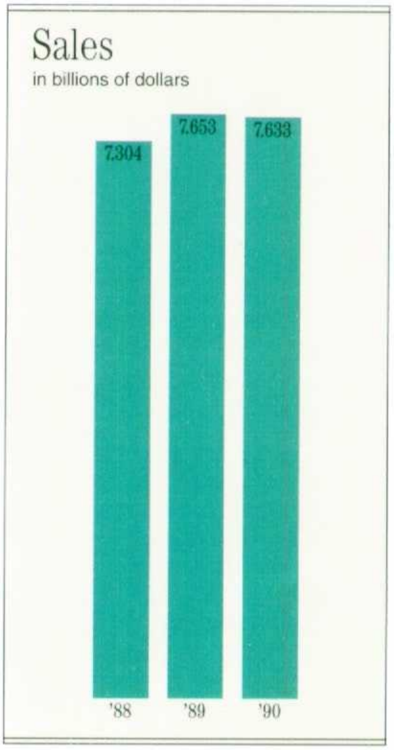
Net income for 1990 was an all-time high $363.6 million, or $2.46 per share, compared to a net loss of $60.6 million, or $.41 per share, in 1989. Prior year results include a one-time after tax charge of $404.4 million, or $2.73 per share, for the reconfiguration and restructuring programs. Net income and earnings per share in 1988 were $311.9 million and $2.11 per share, respectively.

Income tax expense in 1990 was $212.0 million versus $63.1 million in 1989, which is primarily the result of the 1989 reconfiguration and restructuring charge, partially offset by a lower effective tax rate compared to 1989. The 1990 effective tax rate of 36.8% reflects lower state and local taxes, and lower than expected taxes on the sale of Krylon aerosol paint business as a result of capital losses from an investment partnership. The 1989 effective tax rate reflects write-offs of goodwill and other assets with reduced tax bases in connection with the reconfiguration and restructuring programs. Income tax expense in 1988 was $232.7 million which resulted in an effective tax rate of 42.7%.

Division operating income for 1990 increased $549.3 million to $790.2 million from $240.9 million in 1989. Division operating income in 1989 includes a $507.6 million charge which represents the portion of the total reconfiguration and restructuring charge related to the four operating divisions. The combined programs of reconfiguration and dairy restructuring are expected to improve operating income by over $400 million through 1993. Division operating income in 1988 was $704.4 million. Operating income attributable to operations closed or sold in connection with the reconfiguration and restructuring programs was $9.3 million for 1990, $23.6 million for 1989 and $31.3 million for 1988.

The following discussion of division operating results excludes the effect of the one-time charge of $507.6 million in 1989 relating to the reconfiguration and restructuring programs.

Grocery and Specialty Products Division's 1990 sales increased 1.8% to $2.035 billion from $1.999 billion in 1989.

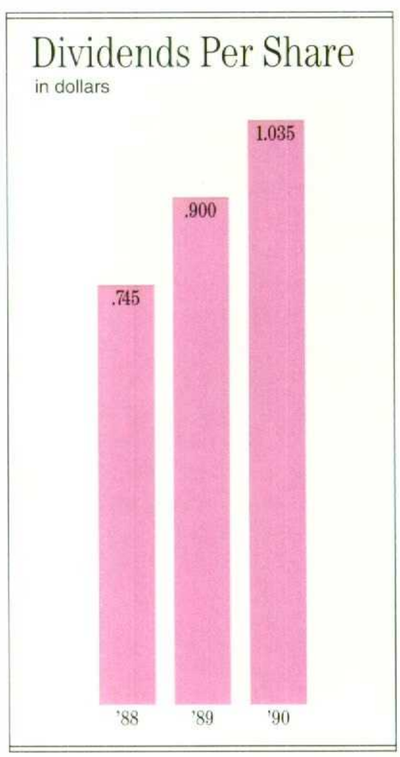


Operating income increased 5.1% to $353.9 million from $336.5 million in 1989. The increase in sales was primarily the result of higher pasta, condensed milk and cheese sales, and 1989 acquisitions, substantially offset by the divestitures of Krylon and Galloway-West. The increase in operating income was due primarily to higher cheese selling prices, lower pasta raw material costs, primarily flour, 1989 acquisitions and benefits from plant consolidations, partially offset by the sale of Krylon. The Division's 1989 sales increased 11.2% while operating income increased 29.3% from 1988. The increase in sales was substantially due to 1989 and 1988 acquisitions and higher pasta sales. The increase in operating income was primarily the result of acquisitions, lower raw material costs, primarily flour, and to a lesser degree, from benefits of the reconfiguration program.

Snacks and International Consumer Products Division's 1990 sales increased 13.0% to $2.013 billion from $1.781 billion in 1989. Operating income increased 11.4% to $190.1 million from $170.6 million in 1989. The increase in sales was due primarily to higher sweet and salty snacks sales, both domestic and international, higher whole milk powder sales and international acquisitions. The increase in operating income was due primarily to higher European sweet snacks sales, lower raw material costs for domestic snacks, benefits from plant consolidations and efficiencies in eastern and central domestic salty snacks businesses, and acquisitions. These increases were partially offset by increased spending to protect the Company's domestic snacks business from new and aggressive competitors, and higher selling and distribution expense. The Division's 1989 sales and operating income increased 7.3% and 7.2%, respectively, over 1988 levels. The increase in sales was due to domestic snacks acquisitions, substantial gains in Canadian and United Kingdom snacks sales and significant volume increases in whole milk powder. Operating income for domestic snacks was lower due to higher raw material costs and increased spending to protect the Company's domestic snacks business. This decline was more than offset by increases in the international foods and grocery operations.

Dairy Division's 1990 sales decreased 17.2% to $1.761 billion from $2.126 billion in 1989. Operating income decreased 3.4% to $75.9 million from $78.6 million in 1989. The sales decrease resulted primarily from withdrawal from certain market areas in connection with the restructuring program, sale of butter operations in December 1989 and lower selling prices due to lower raw milk costs. The decrease in operating income was due primarily to plant closings in the affected market areas and sale of butter operations, partially offset by lower raw milk costs and benefits from the restructuring program. The Division's 1989 sales decreased 2.9% and operating income decreased 23.1% from 1988 levels. The decrease in sales resulted from lower volume, partially offset by price increases. The decrease in operating income was due primarily to intense market competition and substantial increases in raw milk costs which could not be fully passed through to consumers.

Packaging and Industrial Products Division Domestic and International's 1990 sales increased 4.4% to $1.824 billion from $1.747 billion in 1989. Operating income increased 4.6% to $170.3 million from $162.8 million a year earlier. The increase in sales is due primarily to acquisitions and higher European wallcovering, specialty resins and European packaging sales, partially offset by lower Brazil chemical and North American forest products adhesives sales. The increase in operating income is due primarily to improved results for European wallcoverings, domestic resins and



# Three Year Comparison of Division Sales and Operating Income

| (Dollars in thousands) For the Years | 1990 | | 1989* | | 1988* | |
|---|---|---|---|---|---|---|
| **Division Sales** | | | | | | |
| Grocery and Specialty Products | **$2,035,298** | **27%** | $1,998,702 | 26% | $1,797,132 | 24% |
| Snacks and International Consumer Products | **2,012,759** | **26** | 1,781,113 | 23 | 1,659,384 | 23 |
| Dairy | **1,760,912** | **23** | 2,126,286 | 28 | 2,189,626 | 30 |
| Packaging and Industrial Products Domestic and International | **1,823,868** | **24** | 1,747,217 | 23 | 1,658,216 | 23 |
| Total | **$7,632,837** | **100%** | $7,653,318 | 100% | $7,304,358 | 100% |
| **Division Operating Income** | | | | | | |
| Grocery and Specialty Products | **$ 353,856** | **45%** | $ 336,537 | 45% | $ 260,344 | 37% |
| Snacks and International Consumer Products | **190,116** | **24** | 170,624 | 23 | 159,095 | 23 |
| Dairy | **75,937** | **10** | 78,643 | 10 | 102,286 | 14 |
| Packaging and Industrial Products Domestic and International | **170,287** | **21** | 162,775 | 22 | 182,636 | 26 |
| Reconfiguration and restructuring charge | | | (507,649)** | ** | | |
| Total | **790,196** | **100%** | 240,930 | 100% | 704,361 | 100% |
| Other income and expenses not allocable to divisions and income taxes | **(426,600)** | | (301,482) | | (392,479) | |
| NET INCOME (LOSS) | **$ 363,596** | | $ (60,552) | | $ 311,882 | |

**Reclassified to conform with change in business policy.*

***The one-time reconfiguration and restructuring charge to division operating income in 1989 is allocated as follows: $85,479 for Grocery and Specialty Products; $118,493 for Snacks and International Consumer Products; $220,448 for Dairy; and $83,229 for Packaging and Industrial Products Domestic and International. Percentages of division operating income for 1989 were calculated excluding the effect of the one-time charge. Other income and expenses not allocable to divisions in 1989 includes a one-time reconfiguration and restructuring charge of $63,029.*

acquisitions, partially offset by sharply lower results for Brazil chemical operations and lower income from the Company's interest in Borden Chemicals and Plastics Limited Partnership. The Division's 1989 sales increased 5.4% from 1988, while operating income decreased 10.9%. The increase in sales was due primarily to higher industrial resin sales, foreign acquisitions and substantial increases in sales for the Brazilian operations, partially offset by lower sales of wallcovering products. The decrease in operating income was primarily the result of the Company's reduced interest in Borden Chemicals and Plastics Limited Partnership from 25% in 1988 to 2% in 1989. Operating income for coatings, industrial resins and adhesives showed substantial improvement from the prior year, which was partially offset by declines for domestic films and wallcoverings.

Borden is actively engaged in complying with environmental protection laws, as well as various Federal and state statutes and regulations relating to manufacturing, processing and distributing its many products. Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) the Company has been named, along with a large number of others, a Potentially Responsible Party (PRP) at approximately 37 waste sites designated for clean up. The Company currently expects to settle 17 of these sites for an insignificant amount. At the remaining sites the Company's estimated share of clean up costs is not material as its volumetric share of waste is generally minor and other financially strong corporations have also been designated as PRP's. The Company believes the realistic range of liability under CERCLA and other environmental statutes and regulations, taking into account its established accruals for estimated liability, would not have a material adverse effect on the Company's financial position or operating results.

## Sales by Division in billions of dollars


## Operating Income by Division in millions of dollars


*Excludes effect of reconfiguration charge.


**Inflation**

Inflation in the U.S. has slowed in recent years. However, it continues to affect economies in certain countries where the Company does business. The Company continuously attempts to minimize the effect of inflation through cost reductions and improved productivity.

**New Accounting Pronouncements**

In December 1987 the Financial Accounting Standards Board issued FASB Statement No. 96, "Accounting for Income Taxes", which requires the use of the liability method of accounting for deferred income taxes. The Statement is currently under review and the required implementation date has been postponed to first quarter 1992. Under current provisions of the Statement, the effect of adoption may be accounted for either prospectively in the year of adoption or through restatement of one or more prior years. Because of potential changes and/or interpretations that may be forthcoming, the Company has not yet determined when it will adopt FASB Statement No. 96 or whether it will be applied prospectively or retroactively. The effect such adoption will have on the Company's operating results has not yet been determined.

In December 1990 the Financial Accounting Standards Board issued FASB Statement No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions." The Statement requires employers to accrue the cost of post-retirement benefits during employees' working careers. The Statement must be adopted no later than first quarter 1993. The initial liability can be recognized immediately upon adoption or amortized prospectively. Since a substantive plan at the required adoption date could be different from the current plan, the Company can not yet determine the effect of the Statement on its results of operations or financial condition.

**Liquidity and Capital Resources**

Borden meets the majority of its operating cash requirements through operations. The amounts provided from operating activities in 1990, 1989 and 1988 were $295.1 million, $212.0 million and $120.4 million, respectively. Cash provided from operating activities for 1990 increased compared to 1989 due primarily to improved cash flows from operations and lower tax payments, partially offset by costs and expenses related to plant closings and consolidations and reconfiguration of distribution and marketing systems. Income tax payments were reduced by approximately $59.4 million compared to prior year for deductions realized in conjunction with the reconfiguration and restructuring programs. Cash provided from operating activities for 1988 reflects income tax payments of $343.5 million which were substantially higher than payments made in 1990 or 1989 because the 1988 amount included payment of taxes deferred in prior years in connection with the 1987 divestiture of the Company's basic chemicals and PVC resins business.

Short-term borrowings are utilized to meet temporary cash requirements. See Note 4 of the Notes to Consolidated Financial Statements for further information regarding short-term borrowings.

Borden borrows domestically at commercial paper rates and has credit agreements available with domestic and foreign lending institutions to support commercial paper borrowings of approximately $573.0 million. The credit agreements bear interest, if used, at approximately the prime rate, or less, in effect at the date of use. Additional unused lines of credit totaling $236.1 million at December 31, 1990 are available for use by foreign subsidiaries.

Short-term debt increased $439.2 million in 1990, $25.2 million in 1989 and $123.6 million in 1988. The 1990 increase reflects substantially higher domestic commercial paper borrowings compared to 1989. Because of interest rates and market conditions the Company financed its 1990 acquisitions and a substantial portion of its capital expenditures with commercial paper borrowings, some of which may be refinanced in 1991. The increase in 1989 was due primarily to higher foreign bank borrowings while the increase for 1988 was due primarily to higher foreign bank borrowings and domestic commercial paper borrowings.

At December 31, 1990 and 1989, $300.0 million of commercial paper was classified as long-term debt because the Company has both the intent and ability, through its credit facilities, to maintain such amount of debt for more than one year.

In 1990, 1989 and 1988, long-term debt financing provided $12.7 million, $365.3 million and $118.4 million, respectively.

Long-term debt financing in 1989 consisted primarily of proceeds from the $150.0 million issuance of 30-year, 9¼% sinking fund debentures used to repay short-term commercial paper; proceeds from issuance of 5-year, 16½% Australian Dollar Notes used to acquire a foreign subsidiary; and, proceeds from foreign bank debt used to acquire another foreign subsidiary which was refinanced in 1990.

Long-term debt financing in 1988 consisted primarily of proceeds from debt incurred to acquire a foreign subsidiary, which included issuance of 5-year, 10⅝% Canadian Dollar Notes, and other borrowings used to refinance certain foreign debt.

As of December 31, 1990, the Company is a party to certain forward foreign exchange agreements, interest rate swap agreements, and currency swap agreements. See Notes 2 and 4 of the Notes to Consolidated Financial Statements for more information regarding these financial instruments.

During 1990 the Company established a credit risk insurance program which provides worldwide coverage for trade accounts receivable losses in excess of the policy deductible amount, subject to individual customer and geographic limitations.

The Company's strong financial position and history of growth in earnings provide a solid base for obtaining substantial financial resources. At December 31, 1990, the Company has the ability to borrow up to $325.0 million under shelf registration statements which provides the Company with the flexibility to enter debt markets quickly and take advantage of favorable market conditions. If required, management believes that cash could be raised through additional long-term borrowings.

The Company acquired 10 operations during 1990 for a total cost of $157.1 million. The 1990 acquisitions include two pasta and pasta sauce operations, one snacks operation, two foreign flexible packaging operations, two forest products operations, a decorative laminate manufacturer, a foreign dairy operation and a joint venture interest in a glue operation. During 1989 the Company acquired 15 operations for a total cost of $264.3 million. The 1989 acquisitions include a pasta and pasta sauce operation, an industrial foodservice operation, two West German bakeries, a maple syrup operation, a dehydrated soup operation, a sterile chocolate milk operation, a snacks operation, two dairy operations, an aerosol and craft paint operation, a wallpaper manufacturer, a plastic films and rigid packaging operation and two industrial products businesses. The Company acquired 24 operations during 1988 for a total cost of $379.9 million. The 1988 acquisitions include two pasta operations, two seafood specialty operations, a West German bakery, three industrial foodservice operations, a juices and nectars business, four

snacks operations, two dairy operations, three wallcovering manufacturers, a gravure printing and plastic laminate business and five plastic packaging manufacturers.

Capital expenditures for new facilities and improvements to existing facilities were $331.1 million in 1990, $244.0 million in 1989 and $232.6 million in 1988. Capital expenditures in 1990 related to the reconfiguration program were approximately $106.4 million and included construction of three dairy plants, four niche grocery plants, one pasta plant and one snacks plant. Capital expenditures in 1991 related to the reconfiguration program are expected to be approximately $140 million.

During 1990 the Company used proceeds from business divestitures to acquire a majority ownership interest in a partnership which principally holds various high-grade short and medium-term investments. Partnership investment transactions resulted in a net capital loss tax benefit of $16.8 million. During 1990 the investment in medium-term securities was $98.2 million and at December 31, 1990 the investment in cash and equivalents was $59.1 million.

In 1990 the Company acquired 1.0 million treasury shares at a cost of $29.4 million. In 1989 and 1988 it acquired .6 million shares at a cost of $18.1 million and 1.8 million shares at a cost of $47.9 million, respectively. Treasury shares on hand and any additional shares which may be purchased in 1991 will be held for general corporate purposes including possible future acquisitions.

**Description of Business and Business Segments**

Borden is engaged primarily in manufacturing, processing, purchasing and distributing a broad range of products, both domestically and in foreign countries. The Company's operations are divided into two industry segments: the foods segment and the non-food consumer and industrial segment. Within these segments the Company has identified six business growth areas: pasta; snacks; niche grocery; dairy; non-food consumer; and, films and adhesives. Borden management is organized into four operating divisions: Grocery and Specialty Products; Snacks and International Consumer Products; Dairy; and, Packaging and Industrial Products Domestic and International.

From 1986 through 1990, the Company made 87 acquisitions specifically to increase market share and production capability in each of its six growth areas. Over the same period of time the Company divested 26 businesses which did not fit into one of its growth areas, the most significant being the basic chemicals and PVC resins business which was divested in 1987. Cash generated from the divestitures was used primarily to help develop the Company's chosen growth areas.

The foods segment includes most of three operating divisions: Grocery and Specialty Products Division; Snacks and International Consumer Products Division; and, Dairy Division. The non-food consumer and industrial segment includes primarily Packaging and Industrial Products Division Domestic and International. For administrative purposes, certain non-food consumer and industrial segment operations are included in Grocery and Specialty Products or Snacks and International Consumer Products Divisions and, certain foods segment operations are included in Packaging and Industrial Products Division Domestic and International. Corporate departments provide certain centralized services for the Corporation and all operating units. The Company's general offices are located in Columbus, Ohio and its executive offices are in New York City. Production facilities are located throughout the United States and in several foreign countries.

The foods segment includes the following major product lines: sweet and salty snacks, pasta and pasta sauces, processed cheese, individual portion and foodservice sized condiments, sweetened condensed milk, non-dairy creamer, reconstituted lemon and lime juices, bouillon, confections, jams and jellies, seafood, dehydrated soups, homogenized milk, whole milk powder, ice cream and milks, sherbets, yogurt, cottage cheese, frozen novelties, low-fat dairy products, milk-based products for industrial trade and fruit drinks.

The non-food consumer and industrial segment includes wallcoverings and adhesives, transparent wrapping film, adhesives for the forest products industry, resins for the foundry industry and flexible and rigid packaging.

Domestic products for the foods segment are marketed primarily through food brokers and distributors, and to a lesser extent directly to wholesalers, retail stores, food service businesses, food processors, institutions and government agencies. Domestic products for the non-food consumer and industrial segment are sold throughout the United States to industrial users and, in the case of consumer products, by an in-house and independent sales force to distributors, wholesalers, jobbers and dealers. To the extent practicable, international distribution techniques parallel those used in the United States. However, raw materials, production considerations, pricing competition, government policy toward industry and foreign investment and other factors vary substantially from country to country for both industry segments.

The Company's businesses in both industry segments must deal with intense competition on the local and national level, both in the United States and overseas. Total advertising and promotion expenditures were increased to $520.2 million in 1990 from $484.3 million in 1989 and $455.2 million in 1988 in order to preserve and expand Borden's market share.

The primary raw materials used by the foods segment businesses are milk, flour, potatoes, corn, vegetable oils and tomato products. The primary raw materials used by the non-food consumer and industrial segment are PVC resins, methanol, phenol and formaldehyde. These raw materials are generally available from numerous sources in sufficient quantities but are subject to price fluctuations. Long-term purchase agreements are used in certain circumstances to assure availability of adequate raw materials supplies at guaranteed prices.

Research and development expenditures were $31.1 million in 1990, $26.6 million in 1989 and $28.1 million in 1988. The development and marketing of new food and packaging and industrial products is carried out at the division level and is integrated with quality controls for existing product lines.

Working capital for both segments is generally funded through operations or short-term borrowings.

A breakdown of the Company's sales, operating profit and other information between the foods and non-food consumer and industrial business segments is presented on page 33.

Segment operating profit is total revenue less operating expenses. The 1989 operating profit includes a one-time charge of $507.6 million which represents the portion of the total reconfiguration and restructuring charge related to the two business segments. In computing segment operating profit, none of the following items have been deducted from revenue: general corporate expenses, interest expense and Federal, state and local income taxes. General corporate expenses for 1989 includes a one-time charge of $63.0 million which represents administrative and other company-wide expenses related to the reconfiguration and restructuring programs not allocated to the business segments. Minority interests in earnings of certain subsidiaries and the Company's equity in earnings of unconsolidated 20% to 50% owned companies have been included in segment operating profit. These amounts aggregated $16.3 million in 1990, $13.9 million in 1989 and $12.7 million in 1988 for the foods segment; and $6.8 million in 1990, $3.0 million in 1989 and $33.9 million in 1988 for the non-food consumer and industrial segment.

Identifiable assets by segment are those assets that are used in the segment's operations. Corporate assets are principally cash and equivalents.

In September 1989 the Company announced programs to reconfigure production and distribution in certain of its businesses and to restructure its dairy operations. The Company has announced the closure and consolidation of 23 of the estimated 45 plants to be closed and consolidated, and has completed construction of two large efficient plants in its dairy business, two in its niche grocery business and one in its snacks business. The Company plans to complete six more large efficient plants during 1991. As part of the dairy restructuring, 14 plants located in non-growth market areas, primarily the eastern, southeastern and midwestern United States, were sold or closed and one plant remains to be sold. The combined programs of reconfiguration and dairy restructuring reduced worldwide employment by approximately 7,000.

As of December 31, 1990, the Company operated 105 domestic food manufacturing and processing facilities in 36 states and Puerto Rico. The most significant of these facilities are an Illinois plant producing ***Cracker Jack,*** bouillon and dehydrated soup, an Alabama plant producing ***Bama*** jams and jellies and ***ReaLemon*** lemon juice, the Arizona, Minnesota and Massachusetts pasta plants, foodservice plants in California and Mississippi, the Missouri and Pennsylvania snacks plants and dairy facilities located throughout the country. In addition, the Company operated 47 foreign food manufacturing and processing facilities located principally in Latin America, Western Europe and Canada.

As of December 31, 1990, the Company operated 40 domestic non-food consumer and industrial manufacturing and processing facilities in 19 states, the most significant being the Resinite plants in Georgia, Massachusetts and Texas, the Proponite plant in Massachusetts, the forest products adhesives plants in Oregon and North Carolina and the specialty resins plant in Kentucky. In addition, the Company operated 65 foreign non-food consumer and industrial manufacturing and processing facilities located principally in Brazil, Western Europe, Canada and the Far East.

The Company's manufacturing and processing facilities are generally well maintained and effectively utilized. Substantially all facilities are owned by the Company.

Borden is actively engaged in complying with environmental protection laws, as well as various Federal and state statutes and regulations relating to manufacturing, processing, and distributing its many products. In this connection, the Company incurred capital expenditures of $12.0 million in 1990 compared to $5.6 million in 1989 and $5.5 million in 1988. The Company estimates that it will spend $10.7 million for environmental control facilities during 1991.

# Business Segments

| *(In thousands)* | *Year Ended December 31,* | 1990 | 1989* | 1988* |
|---|---|---|---|---|
| **Net Sales** | Foods | **$5,629,463** | $5,720,563 | $5,446,598 |
| | Non-Food Consumer and Industrial | **2,003,374** | 1,932,755 | 1,857,760 |
| | Total | **$7,632,837** | $7,653,318 | $7,304,358 |
| **Operating Profit** | Foods | **$ 582,986** | $ 544,841 | $ 479,385 |
| | Non-Food Consumer and Industrial | **207,210** | 203,738 | 224,976 |
| | Reconfiguration and restructuring charge | | (507,649)** | |
| | Total segments | **790,196** | 240,930 | 704,361 |
| | General Corporate income (expense) | **(27,688)** | (78,141) | (13,175) |
| | Interest expense | **(186,912)** | (160,241) | (146,604) |
| | Earnings before income taxes | **$ 575,596** | $ 2,548 | $ 544,582 |
| **Identifiable Assets** | Foods | **$3,528,288** | $3,322,133 | $3,174,715 |
| | Non-Food Consumer and Industrial | **1,447,184** | 1,255,472 | 1,106,457 |
| | Total segments | **4,975,472** | 4,577,605 | 4,281,172 |
| | Corporate assets | **308,789** | 247,291 | 159,154 |
| | Total | **$5,284,261** | $4,824,896 | $4,440,326 |
| **Depreciation and Amortization** | Foods | **$ 149,606** | $ 135,483 | $ 124,887 |
| | Non-Food Consumer and Industrial | **43,734** | 47,175 | 44,879 |
| **Capital Expenditures** | Foods | **$ 260,123** | $ 168,203 | $ 169,889 |
| | Non-Food Consumer and Industrial | **63,426** | 67,393 | 60,079 |
| **Foreign Operations** | Net sales | **$2,165,360** | $1,823,770 | $1,613,624 |
| | Operating profit | **220,600** | 127,501** | 156,350 |
| | Identifiable assets | **1,801,423** | 1,559,128 | 1,154,099 |

**Reclassified to conform with change in business policy.*

***The one-time reconfiguration and restructuring charge to segment operating profit in 1989 is allocated as follows: $441,514 for the foods segment and $66,135 for the non-food consumer and industrial segment. Operating profit of foreign operations in 1989 includes a one-time reconfiguration and restructuring charge of $62,927.*

# Consolidated Statements of Income

| *(In thousands except per share data)* | *Year Ended December 31,* | 1990 | 1989* | 1988* |
|---|---|---|---|---|
| **Revenue** | Net sales | **$7,632,837** | $7,653,318 | $7,304,358 |
| **Costs and Expenses** | Cost of goods sold | **5,433,493** | 5,701,110 | 5,392,791 |
| | Marketing, general and administrative expenses | **1,457,521** | 1,235,969 | 1,257,644 |
| | Reconfiguration and restructuring charge | | 570,678 | |
| | Interest expense | **186,912** | 160,241 | 146,604 |
| | Equity in income of affiliates | **(23,121)** | (16,966) | (46,601) |
| | Other (income) and expense, net | **2,436** | (262) | 9,338 |
| | Income taxes | **212,000** | 63,100 | 232,700 |
| | | **7,269,241** | 7,713,870 | 6,992,476 |
| **Earnings** | Net income (loss) | **$ 363,596** | $ (60,552) | $ 311,882 |
| **Share Data** | Net income (loss) per common share | **$ 2.46** | $ (0.41) | $ 2.11 |
| | Cash dividends per common share | **1.035** | 0.90 | 0.745 |
| | Average number of common shares outstanding during the year | **147,934** | 148,213 | 147,838 |

**Reclassified to conform with change in business policy.*

*See Notes to Consolidated Financial Statements*

# Consolidated Statements of Cash Flows

| *(In thousands)* | *Year Ended December 31,* | 1990 | 1989 | 1988 |
|---|---|---|---|---|
| **Cash Flows From Operating Activities** | Net income (loss) | **$363,596** | $(60,552) | $ 311,882 |
| | Adjustments to reconcile net income (loss) to net cash from operating activities: | | | |
| | Depreciation and amortization | **197,315** | 186,025 | 172,870 |
| | Reconfiguration and restructuring | **(286,465)** | 401,394 | |
| | Net change in trade receivables | **47,915** | (55,144) | (67,773) |
| | Net change in inventories | **1,534** | (3,611) | (48,590) |
| | Net change in trade payables | **(20,450)** | (4,331) | 14,094 |
| | Net change in current and deferred taxes | **131,192** | (81,553) | (110,769) |
| | Net change in other assets | **(91,692)** | (95,190) | (79,987) |
| | Other, net | **(47,849)** | (75,085) | (71,314) |
| | | **295,096** | 211,953 | 120,413 |
| **Cash Flows From Investing Activities** | Purchase of businesses (excluding value of stock issued of $30,264 in 1988) | **(157,119)** | (264,314) | (349,595) |
| | Capital expenditures | **(331,089)** | (243,960) | (232,640) |
| | Purchase of investments | **(98,153)** | | |
| | Divestiture of businesses | **176,419** | 124,254 | 222,024 |
| | | **(409,942)** | (384,020) | (360,211) |
| **Cash Flows From Financing Activities** | Increase in short-term debt | **439,243** | 25,172 | 123,597 |
| | Reduction in long-term debt | **(102,367)** | (94,405) | (144,319) |
| | Long-term debt financing | **12,749** | 365,326 | 118,416 |
| | Dividends paid | **(152,788)** | (133,090) | (110,354) |
| | Issuance of stock under stock options and benefits and awards plans | **5,241** | 18,404 | 15,440 |
| | Acquisition of treasury stock | **(29,401)** | (18,096) | (47,930) |
| | | **172,677** | 163,311 | (45,150) |
| | Increase (decrease) in cash and equivalents | **57,831** | (8,756) | (284,948) |
| | Cash and equivalents at beginning of year | **103,922** | 112,678 | 397,626 |
| | Cash and equivalents at end of year | **$ 161,753** | $ 103,922 | $ 112,678 |
| **Supplemental Disclosures of Cash Flow Information** | Interest paid | **$ 170,052** | $ 125,713 | $ 128,808 |
| | Taxes paid | **80,808** | 144,653 | 343,469 |

*See Notes to Consolidated Financial Statements*

# Consolidated Balance Sheets

| *(In thousands except share and per share data)* | *December 31,* | **1990** | 1989 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | Cash and equivalents | **$ 161,753** | $ 103,922 |
| | Accounts receivable (less allowance for doubtful accounts of $10,884 and $13,584, respectively) | **919,811** | 943,028 |
| | Inventories: | | |
| | Finished and in process goods | **398,885** | 403,086 |
| | Raw materials and supplies | **266,574** | 260,935 |
| | Other current assets | **279,124** | 300,423 |
| | | **2,026,147** | 2,011,394 |
| **Investments and Other Assets** | Investments in and advances to affiliated companies | **75,915** | 49,835 |
| | Other assets | **161,494** | 109,449 |
| | | **237,409** | 159,284 |
| **Property and Equipment** | Land | **113,050** | 106,969 |
| | Buildings | **675,059** | 644,679 |
| | Machinery and equipment | **2,220,916** | 1,979,934 |
| | | **3,009,025** | 2,731,582 |
| | Less accumulated depreciation | **(1,302,201)** | (1,290,106) |
| | | **1,706,824** | 1,441,476 |
| **Intangibles** | Intangibles resulting from business acquisitions (net of accumulated amortization of $136,740 and $99,072, respectively) | **1,313,881** | 1,212,742 |
| | | **$5,284,261** | $4,824,896 |

*See Notes to Consolidated Financial Statements*

| December 31, | | 1990 | 1989 |
|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current Liabilities** | Debt payable within one year | **$ 756,831** | $ 306,408 |
| | Accounts and drafts payable | **558,185** | 609,042 |
| | Reconfiguration and restructuring reserve | **54,930** | 192,522 |
| | Income taxes | **100,308** | 86,807 |
| | Other current liabilities | **376,772** | 344,600 |
| | | **1,847,026** | 1,539,379 |
| **Other** | Long-term debt | **1,339,764** | 1,440,563 |
| | Deferred income taxes | **202,319** | 180,160 |
| | Other long-term liabilities | **36,228** | 16,177 |
| | Minority interests in consolidated subsidiaries | **17,362** | 3,202 |
| | | **1,595,673** | 1,640,102 |
| **Shareholders' Equity** | Capital stock: | | |
| | Preferred stock—no par value Authorized 10,000,000 shares Issued series B convertible—7,589 shares and 8,147 shares, respectively (involuntary liquidating value of $219 or $28.88 per share at December 31, 1990) | **31** | 34 |
| | Common stock—$0.625 par value Authorized 480,000,000 shares Issued 201,983,374 shares | **126,240** | 126,240 |
| | Paid in capital | **310,378** | 307,720 |
| | Accumulated translation adjustment and other | **(50,211)** | (59,710) |
| | Retained earnings | **1,997,407** | 1,786,599 |
| | | **2,383,845** | 2,160,883 |
| | Less common stock in treasury (at cost)—54,712,696 shares and 54,027,019 shares, respectively | **(542,283)** | (515,468) |
| | | **1,841,562** | 1,645,415 |
| | | **$5,284,261** | $4,824,896 |

# Consolidated Statements of Shareholders' Equity

*(In thousands)*

| *Three Years Ended December 31, 1990* | CAPITAL STOCK ISSUED Preferred Series B | Common | Paid-In Capital | Accumulated Translation Adjustment And Other | Retained Earnings | Treasury Stock |
|---|---|---|---|---|---|---|
| **Balance, December 31, 1987** | $54 | $126,240 | $288,205 | $(40,308) | $1,778,713 | $(494,055) |
| Net income | | | | | 311,882 | |
| Cash dividends: | | | | | | |
| Common stock | | | | | (110,339) | |
| Preferred series B | | | | | (15) | |
| Translation adjustment for the period | | | | (9,536) | | |
| Stock reacquired for acquisitions and treasury | | | | | | (47,930) |
| Preferred series B stock converted | (11) | | (150) | | | 161 |
| Stock issued for exercised options and awards plans | | | 7,716 | | | 7,724 |
| Stock issued for acquisitions | | | | | | 30,264 |
| **Balance, December 31, 1988** | 43 | 126,240 | 295,771 | (49,844) | 1,980,241 | (503,836) |
| Net loss | | | | | (60,552) | |
| Cash dividends: | | | | | | |
| Common stock | | | | | (133,079) | |
| Preferred series B | | | | | (11) | |
| Translation adjustment for the period | | | | (9,866) | | |
| Stock reacquired for acquisitions and treasury | | | | | | (18,096) |
| Preferred series B stock converted | (9) | | (127) | | | 136 |
| Stock issued for exercised options and benefits and awards plans | | | 12,076 | | | 6,328 |
| **Balance, December 31, 1989** | 34 | 126,240 | 307,720 | (59,710) | 1,786,599 | (515,468) |
| Net income | | | | | 363,596 | |
| Cash dividends: | | | | | | |
| Common stock | | | | | (152,778) | |
| Preferred series B | | | | | (10) | |
| Translation adjustment for the period | | | | 27,399 | | |
| Stock reacquired for acquisitions and treasury | | | | | | (29,401) |
| Preferred series B stock converted | (3) | | (33) | | | 36 |
| Stock issued for exercised options and benefits and awards plans | | | 2,691 | | | 2,550 |
| Minimum pension liability adjustment | | | | (17,900) | | |
| **Balance, December 31, 1990** | **$31** | **$126,240** | **$310,378** | **$(50,211)** | **$1,997,407** | **$(542,283)** |

*See Notes to Consolidated Financial Statements*

# Notes to Consolidated Financial Statements

*(In thousands except share and per share data)*

## 1. Summary of Significant Accounting Policies

Significant accounting policies followed by the Company, as summarized below, are in conformity with generally accepted accounting principles.

**Principles of Consolidation**—The consolidated financial statements include the accounts of Borden, Inc. and its subsidiaries, after elimination of material intercompany accounts and transactions. The Company's proportionate share of the net earnings of unconsolidated 20% to 50% owned companies is included in income. The carrying value of these companies approximates Borden's interest in their underlying net assets. Investments of less than 20% ownership are carried at cost.

**Cash and Cash Equivalents/Statements of Cash Flows**—The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company has determined that the effect of exchange rate changes on cash flows is not material.

**Inventories**—Inventories are stated at the lower of cost or market. Cost is determined using the average cost and first-in, first-out methods.

**Property and Equipment**—Land, buildings and machinery and equipment are carried at cost.

Depreciation is recorded on the straight-line basis by charges to costs and expenses at rates based on estimated useful lives of properties (average rates for buildings 3.7%; machinery and equipment 6.9%).

Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, related cost and accumulated depreciation are removed from the accounts.

**Intangibles**—The excess of purchase price over net tangible assets of businesses acquired is carried as intangibles in the Consolidated Balance Sheets. It is the Company's policy to carry intangibles arising prior to November 1970 at cost until such time as there may be evidence of diminution in value or the term of existence of such value becomes limited. Intangibles arising after October 1970 are being amortized on a straight-line basis generally over a forty-year period.

**Income Taxes**—The provision for income taxes includes Federal, foreign, state and local income taxes currently payable and those deferred because of timing differences between income for financial statements and income for tax purposes. A substantial portion of the undistributed earnings of subsidiaries, primarily outside the United States, has been reinvested and is not expected to be remitted to the parent company. Accordingly, no additional Federal income taxes have been provided and at December 31, 1990, the cumulative amount of reinvested income was approximately $504,000.

In December 1987 the Financial Accounting Standards Board issued FASB Statement No. 96, "Accounting for Income Taxes," which requires the use of the liability method of accounting for deferred income taxes. The Statement is currently under review and the required implementation date has been postponed to first quarter 1992. Under current provisions of the Statement, the effect of adoption may be accounted for either prospectively in the year of adoption or through restatement of one or more prior years. Because of potential changes and/or interpretations that may be forthcoming, the Company has not yet determined when it will adopt FASB Statement No. 96 or whether it will be applied prospectively or retroactively. The effect such adoption will have on the Company's operating results has not yet been determined.

**Pension, Retirement Savings and Certain Postretirement Benefits Plans**—Substantially all of the Company's domestic and Canadian employees are covered under one of the Company's pension plans or one of the union-sponsored plans to which the Company contributes. Pension expense is determined pursuant to the provisions of FASB Statement No. 87, "Employers' Accounting for Pensions." The Company funds pension costs in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

Substantially all domestic and Canadian salaried and non-bargaining hourly employees participate in the Company's retirement savings plans. The Company's cost of providing the retirement savings plans represents its matching of eligible contributions made by participating employees and is recognized as a charge to income in the year the cost is incurred.

The Company provides certain health and life insurance benefits for eligible domestic and Canadian retired employees. The cost of providing these benefits to retired employees under Company plans is recognized as a charge to income in the year the benefits are paid. In December 1990 the Financial Accounting Standards Board issued FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The Statement requires employers to accrue the cost of postretirement benefits during employees' working careers. The Statement must be adopted no later than first quarter 1993. The initial liability can be recognized immediately upon adoption or amortized prospectively. Since a substantive plan at the required adoption date could be different than the current plan, the Company can not yet determine the effect of the Statement on its results of operations or financial condition.

**Earnings Per Share**—Earnings per common share are computed based on the weighted average number of common shares outstanding.

## 2. Foreign Affiliates

Assets and liabilities of foreign affiliates are generally translated at current exchange rates and related translation adjustments are reported as a component of shareholders' equity. For entities in highly inflationary countries, a combination of current and historical rates are used in translating assets and liabilities and related exchange adjustments are included in net income.

After translation into U.S. dollars, the Company's proportionate share of net assets of foreign affiliates included in the Consolidated Financial Statements was $815,000 at December 31, 1990 and $730,000 at December 31, 1989.

Realized and unrealized net foreign exchange losses aggregating $26,400, $23,400 and $35,400 were charged against net income in 1990, 1989 and 1988, respectively.

At December 31, 1990 the Company had forward foreign exchange contracts aggregating $128,200 which expire within one year. The Company uses these contracts to hedge certain firm commitments and transactions denominated in foreign currencies.

## 3. Reconfiguration and Restructuring Charge

In September 1989, the Company announced programs to reconfigure production and distribution in certain of its businesses and to restructure its dairy operations. Operating results for 1989 include a one-time pretax charge for these programs of $570,678 which reduced net income by $404,378. One part of the program involves primarily the closure of about 45 small or older plants to consolidate production into larger more efficient operations. The dairy restructuring involved primarily the closure or sale of about 15 dairy plants located in non-growth market areas. Related personnel and other costs to streamline and consolidate production and distribution were also included in the reserve.

Sales attributable to operations closed or sold related to the reconfiguration and restructuring programs were $305,907, $604,150 and $674,736 for the years ended December 31, 1990, 1989 and 1988, respectively. Operating income attributable to operations closed or sold was $9,275, $23,610 and $31,324 for the years ended December 31, 1990, 1989 and 1988, respectively.

Net charges against the reserve were $137,592 and $378,156 in 1990 and 1989, respectively. Charges in 1990 consisted primarily of costs and expenses related to plant closings and consolidations and expenditures to reconfigure distribution and marketing systems. Charges in 1989 consisted primarily of write-downs to net realizable value of property, plant and equipment to be sold or disposed, and write-offs of other related assets. Cash provided from 1990 operating results was reduced by $179,292, for expenditures and charges related to the reconfiguration and restructuring programs. Cash provided from 1989 operating activities includes $302,808 of noncash charges and amounts to be spent in future periods.

## 4. Debt, Lease Obligations and Related Commitments

Debt outstanding at December 31, 1990 and 1989 is as follows:

| | 1990 | | 1989 | |
|---|---|---|---|---|
| | Long-Term | Due Within One Year | Long-Term | Due Within One Year |
| 10⅝% Canadian Dollar Notes due 1993 | **$ 57,022** | | $ 47,686 | |
| 16½% Australian Dollar Notes due 1994 | **104,671** | | 116,385 | |
| 10¼% Notes due 1995 | **100,000** | | 100,000 | |
| 9⅞% Notes due 1997 | **125,000** | | 125,000 | |
| Medium Term Notes, Series A (at an average rate of 7.9% and 7.8%, respectively) | **215,000** | **$ 30,000** | 245,000 | $ 25,000 |
| Sinking fund debentures: | | | | |
| 8⅜% due 2016 | **97,000** | | 140,000 | |
| 9¼% due 2019 | **150,000** | | 150,000 | |
| Commercial paper (at an average rate of 9.0% and 8.6%, respectively) | **300,000** | | 300,000 | |
| Industrial Revenue Bonds (at an average rate of 8.5% and 8.5%, respectively) | **70,079** | **1,066** | 73,945 | 1,236 |
| Other (at an average rate of 9.25% and 9.9%, respectively) | **120,992** | **50,605** | 142,547 | 44,255 |
| Total current maturities of long-term debt | | **81,671** | | 70,491 |
| Short-term debt: | | | | |
| Commercial paper (at an average rate of 9.0% and 8.7%, respectively) | | **353,580** | | 35,000 |
| Other (primarily foreign bank loans at an average rate of 12.0% and 11.6%, respectively) | | **321,580** | | 200,917 |
| Total debt | **$1,339,764** | **$756,831** | **$1,440,563** | **$306,408** |

During 1989 the Company sold, at approximately par, 9¼% sinking fund debentures with a final maturity in 2019 and 16½% Australian Dollar Notes which mature in 1994. Proceeds from the debentures were used to repay short-term commercial paper and proceeds from the Australian Dollar Notes were used to finance the acquisition of a foreign subsidiary. In addition, the Company used short-term foreign bank loans of $48,400 as bridge financing at December 31, 1989 for the acquisition of a foreign subsidiary which was refinanced in 1990.

At December 31, 1990 and 1989, $300,000 of outstanding commercial paper has been classified as long-term debt since the Company has both the intent and ability, through its credit facilities, to maintain such amount of debt for more than one year.

At December 31, 1990 the Company is a party to interest rate swap agreements covering $300,000 of commercial paper classified as long-term debt. These agreements, which mature in 1995 and 1996, effectively replace variable interest rates on the commercial paper with a long-term fixed rate of 9.8%.

The Company also uses currency swap agreements to convert the 10⅝% Canadian Dollar Notes and the 16½% Australian Dollar Notes into a 10.8% British Sterling obligation and a 11.1% Canadian Dollar obligation, respectively. The maturities of the currency swap agreements generally match those of the underlying notes.

The Company is exposed to credit loss in the event of nonperformance by the other parties to the swap agreements. However, the Company does not anticipate nonperformance by the counterparties.

Aggregate maturities of long-term debt and minimum annual rentals under agreements classified and accounted for as operating leases at December 31, 1990 are as follows:

| | Long-Term Debt | Minimum Rentals on Operating Leases |
|---|---|---|
| 1991 | $ 81,671 | $37,463 |
| 1992 | 72,383 | 29,277 |
| 1993 | 98,597 | 22,170 |
| 1994 | 169,727 | 16,766 |
| 1995 | 437,114 | 10,497 |
| 1996 and beyond* | 561,943 | 91,395 |

**Figures represent combined totals for all years.*

The average amount of short-term commercial paper outstanding was $223,000 during 1990 and $116,000 during 1989, and the average amount of other short-term debt was $263,000 during 1990 and $187,000 during 1989. The respective weighted average interest rates for short-term commercial paper and other short-term debt were 8.2% and 11.5% during 1990, and 9.3% and 11.0% during 1989. Maximum month-end borrowings were $423,000 in 1990 and $177,000 in 1989 for short-term commercial paper, and $322,000 in 1990 and $219,000 in 1989 for other short-term debt. Short-term commercial paper was issued and redeemed on the open market in the United States through money market dealers.

The Company has unused credit agreements of approximately $573,000 which bear interest, if used, at the prime rate of interest or less, are compensated with commitment fees, and are available to support commercial paper borrowings. These agreements consist of a $300,000 revolving credit facility for the issuance of short-term notes and credit agreements of approximately $273,000 under which it can execute term loans for up to two years. Additional unused credit facilities of approximately $236,100 are available for use by foreign subsidiaries.

The Company has capitalized interest that related to the capital cost of acquiring certain fixed assets. The total interest costs incurred and the portions capitalized were $191,412 and $4,500 in 1990, $162,432 and $2,191 in 1989 and $148,676 and $2,072 in 1988.

### 5. Income Taxes

Comparative analyses of the provisions for income taxes follows:

| | 1990 | 1989 | 1988 |
|---|---|---|---|
| **Current** | | | |
| Federal | **$ 63,400** | $ 76,800 | $133,400 |
| State and Local | **14,900** | 3,700 | 33,200 |
| Foreign | **33,000** | 65,100 | 39,300 |
| | **111,300** | 145,600 | 205,900 |
| **Deferred** | | | |
| Federal | **63,700** | (65,400) | 13,800 |
| State and Local | **8,700** | (15,600) | 4,000 |
| Foreign | **28,300** | (1,500) | 9,000 |
| | **100,700** | (82,500) | 26,800 |
| | **$212,000** | $ 63,100 | $232,700 |

The deferred tax provisions in 1990 and 1989 include $59,400 and $(114,700), respectively, which represents the tax effects of costs and expenses related to the reconfiguration and restructuring programs which are deductible for income tax purposes in years when the assets are disposed or expenditures incurred and which were charged against 1989 operating results. The deferred Federal tax provisions in 1990, 1989 and 1988 also reflect accelerated write-offs of property and equipment costs, Federal tax effects of which were $3,600, $1,200 and $7,400, respectively. The deferred tax provision for 1988 also reflects reversals of deferred taxes of $14,500 in connection with the divestiture of the Company's basic chemicals and PVC resins business.

Reconciliations of the differences between income taxes computed at Federal statutory tax rates and consolidated provision for income taxes are as follows:

| | 1990 | 1989 | 1988 |
|---|---|---|---|
| Income taxes computed at Federal statutory tax rate | **$195,700** | $ 900 | $185,200 |
| State tax provision, net of Federal benefits | **15,600** | (7,800) | 24,500 |
| Foreign tax differentials | **9,500** | 4,100 | 7,900 |
| Capital loss benefit | **(16,800)** | | |
| Reconfiguration and restructuring programs, primarily write-offs of assets with reduced tax bases | | 51,000 | |
| Other—net | **8,000** | 14,900 | 15,100 |
| Provisions for income taxes | **$212,000** | $63,100 | $232,700 |

The domestic and foreign components of income before income taxes are as follows:

| | 1990 | 1989 | 1988 |
|---|---|---|---|
| Domestic | **$425,169** | $(141,459) | $416,049 |
| Foreign | **150,427** | 144,007 | 128,533 |
| | **$575,596** | $ 2,548 | $544,582 |

### 6. Operations by Industry Segment

Information about the Company's industry segments and geographic areas of operation is provided on pages 31-33 of this Annual Report and is an integral part of the Consolidated Financial Statements.

### 7. Pension, Retirement Savings and Certain Postretirement Benefits Plans

Company charges to operations under the Company's retirement savings plans in 1990, 1989 and 1988 amounted to approximately $19,400, $17,800 and $15,500, respectively. For the Retirement Savings Plan for salaried employees, the Company's matching contribution was 100% for each of the three years, of every dollar of eligible employee contributions. Eligible contributions were 5% for all participating salaried employees and as much as 7% for longer service salaried employees. For the Hourly Savings Plan for hourly non-bargaining employees, the Company's matching contribution was 100% in 1990, 80% in 1989 and 50% in 1988, of every dollar of eligible employee contributions. Eligible contributions were 5% for all participating hourly non-bargaining employees.

For substantially all salaried employees, the Company's domestic and Canadian pension plans provide benefits based on the employee's final average compensation and credited service prior to 1988 and career average compensation and credited service after 1987. For hourly employees, the plans provide benefits based on specified amounts and credited service.

Following are the components of the net pension credits recognized by the Company for its domestic and Canadian plans:

| | 1990 | 1989 | 1988 |
|---|---|---|---|
| Service cost—benefits earned during the period | **$12,500** | $ 12,700 | $ 12,100 |
| Interest cost on the projected benefit obligation | **39,200** | 39,800 | 37,200 |
| Actual return on plan assets | **28,400** | (85,800) | (44,200) |
| Net amortization and deferral | **(81,900)** | 31,600 | (7,200) |
| Net periodic pension credit | **$(1,800)** | $ (1,700) | $ (2,100) |

The primary assumptions used to determine net periodic pension credits were as follows:

| | 1990 | 1989 | 1988 |
|---|---|---|---|
| Weighted average discount rate | **8.59%** | 9.57% | 9.00% |
| Rate of increase in future compensation levels | **6.31** | 7.08 | 6.75 |
| Expected long-term rate of return on plan assets | **10.06** | 11.04 | 10.25 |

Operations were charged approximately $11,800 in 1990, $11,500 in 1989 and $13,100 in 1988 primarily for payments to pension trusts on behalf of domestic employees not covered by the Company's plans and foreign employees.

Most domestic employees not covered by the Company's plans are covered by collectively bargained agreements and are generally effective for periods of from one to five years. Under Federal pension law, there would be continuing liability to these pension trusts if the Company ceased all or most participation in any such Trust, and under certain other specified conditions. The annual payment of such continuing liability would not normally exceed the annual amount currently being paid to such Trust. The amount of such liability would be determined should the Company withdraw from participation.

The charges to operations for health and life insurance benefits to retired domestic and Canadian employees under Company plans amounted to $12,200, $8,900 and $9,400 in 1990, 1989 and 1988, respectively.

The combined funded status of the Company's domestic and Canadian plans and amounts included in the Company's balance sheets at December 31, 1990 and 1989 were as follows:

| | 1990 | | |
|---|---|---|---|
| | Plan Assets Exceed Accumulated Benefits | Accumulated Benefits Exceed Plan Assets | 1989 |
| Plan assets at fair value | $50,200 | $397,600 | $532,800 |
| Actuarial present value of: | | | |
| Vested benefit obligations | (37,000) | (400,800) | (449,000) |
| Accumulated benefit obligations | (38,500) | (415,900) | (467,600) |
| Projected benefit obligations | (39,500) | (422,000) | (476,300) |
| Plan assets greater (less) than projected benefit obligation | 10,700 | (24,400) | 56,500 |
| Unrecognized prior service cost | (400) | (16,200) | (20,600) |
| Unrecognized loss | 8,500 | 75,100 | 16,200 |
| Unrecognized net transition asset | (2,300) | (24,000) | (29,500) |
| Minimum liability adjustment | | (28,800) | |
| Net pension asset (liability) | $16,500 | $(18,300) | $ 22,600 |

In 1990 the Company recorded a liability of $18,300 equal to the unfunded accumulated benefits obligations for its plans. Pursuant to Statement of Financial Accounting Standards No. 87 – "Employers' Accounting for Pensions" the liability plus any previously recognized prepaid pension expense amount must be recorded as a reduction of equity net of tax effects.

Plan assets consist primarily of equity securities and corporate obligations. Common stock of the Company accounted for approximately 13% and 12% of the total market value of plan assets at December 31, 1990 and 1989, respectively.

The weighted average discount rates and rates of increase in future compensation levels used in determining the projected benefit obligation were 9.1% and 6.6%, respectively, as of December 31, 1990, and 8.6% and 6.3%, respectively, as of December 31, 1989.

Foreign pension plans are not significant in the aggregate and therefore are not summarized with the domestic and Canadian plans. However, the aggregate of plan assets and accruals approximated the aggregate projected benefit obligation as of December 31, 1990 and 1989.

### 8. Shareholders' Equity

Each of the 7,589 shares of preferred series B stock bears an annual cumulative dividend of $1.32, is convertible into 6.6 common shares, and is redeemable at the Company's option at $39. At December 31, 1990 50,087 common shares were reserved for conversion of preferred series B stock.

Under a Preferred Share Purchase Rights Plan, each outstanding share of stock has one preferred stock purchase right (Right) which entitles shareholders to purchase, under certain circumstances, one one-hundredth of a share of Series C Junior Participating Preferred Stock at an exercise price of $175, subject to adjustment. The Rights may only be exercised if a person or group acquires 20% or more of the Company's common stock or announces a tender or exchange offer for 30% or more of the common stock. The Rights, which do not have voting rights, expire on February 10, 1996 and may be redeemed by the Company at a price of $.01⅔ per Right at any time prior to their expiration or until 10 business days after a public announcement that a party has become a 20% shareholder. In addition, the Rights Agreement allows shareholders to vote on an all-cash offer to purchase all of the Company's shares. A shareholders' meeting may be requested by a bidder who does not hold 5% or more of the common shares and who meets certain requirements.

In the event the Company is involved in a merger or other business combination transaction in which the Company does not survive or in which its common stock is exchanged, each holder of a Right will be entitled to purchase, at the exercise price, that number of shares of common stock of the acquiring company which at the time of such transaction would have a market value of two times the exercise price of the Right.

Following is an analysis of common shares reserved for stock options under the Company's 1974 and 1984 Stock Option Plans as Amended:

| | Shares | Price Range |
|---|---|---|
| **At December 31, 1987** | 3,249,320 | $4.23-29.25 |
| Grants | 792,310 | 27.845 |
| Exercises | (1,140,308) | 4.23-29.25 |
| Expirations and cancellations | (45,462) | 5.46-29.25 |
| **At December 31, 1988** | 2,855,860 | $4.23-29.25 |
| Grants | 1,013,984 | 36.06 |
| Exercises | (406,612) | 4.28-27.845 |
| Expirations and cancellations | (101,038) | 4.23-27.845 |
| **At December 31, 1989** | 3,362,194 | $4.23-36.06 |
| Grants | 581,500 | 31.56 |
| Exercises | (235,923) | 4.23-29.25 |
| Expirations and cancellations | (47,912) | 26.81-36.06 |
| **At December 31, 1990** | 3,659,859 | $4.23-36.06 |

At December 31, 1990 3,078,359 options were exercisable. Included with shares reserved for unexercised options at December 31, 1990 are 1,870,880 options with stock appreciation rights attached, which permit the holder the election, in lieu of exercising the option, of receiving cash, shares, or a combination of cash and shares. In 1989 the holders of stock appreciation rights agreed that they would exercise the rights only in the event of a change in control of the Company.

The Company's 1984 Stock Option Plan as Amended provides for the grant of options to purchase up to 9,700,000 shares of the Company's common stock. The Plan expires in 1993 and no further options may be granted thereafter. At December 31, 1990 there were 3,938,482 shares available for future grants.

### 9. Supplemental Income Statement Information

Set forth below is a comparative summary of certain expense items:

| | 1990 | 1989 | 1988 |
|---|---|---|---|
| Maintenance and repairs | **$148,344** | $155,711 | $145,444 |
| Depreciation and amortization | **197,315** | 186,025 | 172,870 |
| Advertising and promotions (including promotions of $462,389, $413,331 and $383,998, respectively) | **520,237** | 484,314 | 455,187 |
| Research and development | **31,134** | 26,555 | 28,128 |
| Rent | **79,972** | 72,591 | 66,630 |

### 10. Quarterly Financial Data (Unaudited)

| 1990 Quarters | First | Second | Third | Fourth |
|---|---|---|---|---|
| Net sales | $1,892,451 | $1,902,883 | $1,942,550 | $1,894,953 |
| Gross profit | 494,450 | 540,471 | 590,356 | 574,067 |
| Net income | 63,097 | 90,437 | 107,798 | 102,264 |
| Per share of common stock: | | | | |
| Earnings | 0.43 | 0.61 | 0.73 | 0.69 |
| Dividends* | 0.24 | 0.265 | 0.265 | 0.265 |
| Market price range: | | | | |
| Low | 30⅝ | 31 | 29½ | 27 |
| High | 36⅜ | 36⅝ | 37⅞ | 34⅜ |

**Dividends on preferred series B stock were $.33 in each quarter during 1990.*

| 1989 Quarters | First* | Second* | Third* | Fourth* |
|---|---|---|---|---|
| Net sales | $1,817,392 | $1,889,796 | $1,977,514 | $1,968,616 |
| Gross profit | 405,953 | 475,785 | 535,280 | 535,190 |
| Net income (loss) | 59,036 | 83,947 | (303,442) | 99,907 |
| Per share of common stock: | | | | |
| Earnings (loss) | 0.40 | 0.57 | (2.05) | 0.67 |
| Dividends** | 0.195 | 0.225 | 0.24 | 0.24 |
| Market price range: | | | | |
| Low | 27¾ | 29⅛ | 33 | 31⅛ |
| High | 30 | 35⅜ | 38⅝ | 36⅝ |

**Reclassified to conform with change in business policy.*

***Dividends on preferred series B stock were $.33 in each quarter during 1989.*

### 11. Acquisitions and Divestitures

During 1990 the Company acquired 10 operations for a total cost of $157,119. The 1990 acquisitions include two pasta and pasta sauce operations, one snacks operation, two foreign flexible packaging operations, two forest products operations, a decorative laminate manufacturer, a foreign dairy operation and a joint venture interest in a glue operation. During 1989 the Company acquired 15 operations for a total cost of $264,314. The 1989 acquisitions include a pasta and pasta sauce operation, an industrial foodservice operation, two West German bakeries, a maple syrup operation, a dehydrated soup operation, a sterile chocolate milk operation, a snacks operation, two dairy operations, an aerosol and craft paint operation, a wallpaper manufacturer, a plastic films and rigid packaging operation and two industrial products businesses. During 1988 the Company acquired 24 operations for a total cost of $379,859. The 1988 acquisitions include two pasta operations, two seafood specialty operations, a West German bakery, three industrial foodservice operations, a juices and nectars business, four snacks operations, two dairy operations, three wallcovering manufacturers, a gravure printing and plastic laminate business and five plastic packaging manufacturers.

During 1990 the Company disposed of three operations and four dairy plants for $176,419 in cash; during 1989 the Company disposed of five operations for $124,254 in cash; and, during 1988 the Company disposed of six operations and all of the common units it held in Borden Chemicals and Plastics Limited Partnership for $222,024 in cash.

### 12. Commitments

In connection with the 1987 sale of its basic chemicals and PVC resins business to Borden Chemicals and Plastics Limited Partnership (the Partnership), the Company agreed, subject to certain limitations, to provide additional cash to the Partnership, if necessary, to support the payment by the Partnership of its minimum quarterly distribution on all preference units through December 31, 1992. This commitment is limited to an aggregate of approximately $152,000, subject to reduction under certain circumstances. In connection with the 1988 sale of all common units, the Company also agreed to make direct payments to common unitholders equal to, on a per unit basis, any excess of cash distributed by the Partnership to preference unitholders over that distributed to common unitholders. The total commitment is limited to an aggregate of approximately $47,000. In addition, a wholly-owned subsidiary of the Company, as general partner, manages and controls the activities of the Partnership and has fiduciary responsibilities to the Partnership's unitholders. The management of the Company believes that any payments pursuant to this commitment or any fiduciary responsibilities will not have a material adverse effect on the financial condition of the Company.

# Report of Management

The management of Borden, Inc. is responsible for the preparation of all information, including the financial statements and related notes, included in this Annual Report to Shareholders. The financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances, and include amounts based on the best judgment of management. Financial information included elsewhere in this Annual Report is consistent with these financial statements.

In recognition of its responsibility for the integrity and objectivity of data in the financial statements, management maintains a system of internal accounting controls. This system includes an organizational structure with clearly defined lines of responsibility and delegation of authority. To assure the effective administration of internal controls, employees are carefully selected and trained, written policies and procedures are developed and disseminated, and appropriate communication channels are provided to foster an environment conducive to the effective functioning of controls.

The system is supported by an internal auditing function that operates worldwide and reports its findings to management throughout the year. The Company's independent accountants are engaged to express an opinion on the year-end financial statements. They objectively and independently review the performance of management in carrying out its responsibility for reporting operating results and financial condition. With the coordinated support of the internal auditors, they review and test the system of internal accounting controls and the data contained in the financial statements.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets regularly with independent accountants, management and internal auditors to review the work performed and to ensure that each is properly discharging its responsibilities. The independent accountants and the internal auditors independently have full and free access to the Committee, without the presence of management, to discuss the results of their examinations, the adequacy of internal accounting controls and the quality of financial reporting.

R. J. Ventres A. S. D'Amato L. O. Doza

| | | |
|---|---|---|
| R. J. Ventres | A. S. D'Amato | L. O. Doza |
| Chairman and Chief Executive Officer | President and Chief Operating Officer | Senior Vice President and Chief Financial Officer |

# Report of Independent Accountants

**Price Waterhouse**

The Huntington Center
41 South High Street
Columbus, OH 43215

January 29, 1991

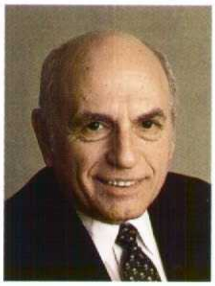
Board of Directors and
Shareholders of Borden, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Borden, Inc. and its subsidiaries at December 31, 1990 and 1989, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1990, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

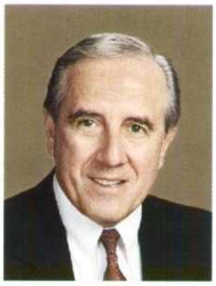
Price Waterhouse

# Officers

## Office of the Chairman



R. J. VENTRES
Chairman and
Chief Executive Officer



A. S. D'AMATO
President and
Chief Operating Officer

RICHARD W. FOWLKES
Executive Vice President,
President – Dairy Division

JON G. HETTINGER
Executive Vice President,
President – Grocery and
Specialty Products Division

JOSEPH M. SAGGESE
Executive Vice President,
President – Packaging and
Industrial Products Division
Domestic and International

GEORGE J. WAYDO
Executive Vice President,
President – Snacks and
International Consumer
Products Division

## Corporate Senior Vice Presidents

LAWRENCE O. DOZA
Chief Financial Officer

ALLAN L. MILLER
Chief Administrative Officer

ALFRED S. CUMMIN
Science and Technology

FRANK L. FLORIAN
Planning

JAMES T. McCRORY
Public Affairs

## Division Executives

**Grocery and Specialty Products Division**

LEE N. ARST
Group Vice President – Main Meals

JERRY C. CLOWDUS
Group Vice President – Foodservice and Industrial

JOHN F. DIX
Group Vice President – Niche Grocery Products

L. JOHN WESTERBERG
Group Vice President – Pasta

**Packaging and Industrial Products Division Domestic and International**

ROBERT G. JENKINS
Group Vice President – Forest Products

BENEDICT LETIZIA
Group Vice President – Specialty Resins and Foundry Products

**Snacks and International Consumer Products Division**

DAN O'RIORDAN
Senior Group Vice President – International

PETER M. DUGGAN
Group Vice President – Eastern Snacks

## Corporate Vice Presidents

JUDY BARKER
Social Responsibility
President, The Borden Foundation

JAMES M. HESS
General Controller

KAREN L. JOHNSON
Consumer Affairs

DAVID A. KELLY
Treasurer

WALTER W. KOCHER
General Counsel

JOSEPH A. McCAHERY
General Auditor

FRANK H. VOIGT
Employee Relations

## Staff Departments

ROBERT G. TRITSCH
Secretary

ELLEN GERMAN BERNDT
Assistant Secretary

H. CORT DOUGHTY, JR.
Assistant Secretary

RICHARD H. BYRD
Assistant Treasurer

STEVEN C. DOVE
Assistant Treasurer

TERRENCE W. GASPER
Assistant Treasurer

GEORGE W. SANBORN
Assistant Treasurer

THOMAS V. BARR
Assistant General Controller

LARRY A. CARTER
Assistant General Controller

EDMUND M. KONOPKA
Assistant General Controller

PAUL J. JOSENHANS
Associate General Counsel

NANCY G. BROWN
Assistant General Counsel

LAWRENCE L. DIEKER
Assistant General Counsel

JAMES A. KING, JR.
Assistant General Counsel

RONALD P. MORAN
Assistant General Counsel

## Changes in Officers

**A. S. D'Amato** was elected president and chief operating officer of Borden, Inc., effective July 1, 1990. Mr. D'Amato had been president of the Packaging and Industrial Products Division. He joined the Company in 1959 as an engineering manager; advanced by 1982 to division group vice president for film, wallcoverings and other plastic products; and in 1985 was promoted to division president and corporate executive vice president.

**Joseph M. Saggese** succeeded Mr. D'Amato as president of the Packaging and Industrial Products Division and as a corporate executive vice president. A 30-year Borden veteran with extensive experience in the Far East and Europe, he also was named a member of the Office of the Chairman.

**James T. McCrory** was promoted to corporate senior vice president, public affairs, in January 1991. Mr. McCrory joined Borden in 1970 and has been responsible for corporate public affairs since 1973. He was elected a corporate vice president in 1986.

**Judy Barker** was elected to the new position of corporate vice president, social responsibility, effective October 1990. First as executive director and since 1985 as president of the Borden Foundation, she continues to direct the Company's worldwide contributions program. Ms. Barker joined Borden in 1972.

# Directors

Theodore Cooper, M.D.

A. S. D'Amato

Virginia Dwyer

Frederick E. Hennig

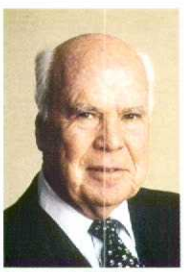
Wilbert J. LeMelle

Robert P. Luciano

John W. Lynn

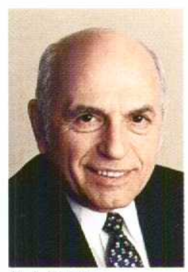
Robert T. Quittmeyer

Patricia Carry Stewart



Eugene J. Sullivan

Frank J. Tasco



R. J. Ventres

THEODORE COOPER, M.D.
Chairman of the Board and Chief Executive Officer
The Upjohn Company
(Pharmaceuticals)

A. S. D'AMATO
President and Chief Operating Officer

VIRGINIA DWYER
Former Senior Vice President – Finance
American Telephone and Telegraph Company

FREDERICK E. HENNIG
President and Chief Operating Officer
Woolworth Corporation
(Retail merchandising)

WILBERT J. LeMELLE
President
Phelps-Stokes Fund
(Educational foundation)

ROBERT P. LUCIANO
Chairman and Chief Executive Officer
Schering-Plough Corporation
(Pharmaceuticals/consumer products)

JOHN W. LYNN
Retired Chairman and Chief Executive Officer
Woolworth Corporation

ROBERT T. QUITTMEYER
Former Chairman and Chief Executive Officer
Amstar Corporation

PATRICIA CARRY STEWART
Vice President
The Edna McConnell Clark Foundation
(Charitable foundation)

EUGENE J. SULLIVAN
Chairman of the Executive Committee
Former Chairman and Chief Executive Officer

FRANK J. TASCO
Chairman of the Board and Chief Executive Officer
Marsh & McLennan Companies, Inc.
(Insurance brokerage, consulting and investment services)

R. J. VENTRES
Chairman and Chief Executive Officer

## Changes in Directors

**Pieter C. Vink**, former chairman of North American Philips Corporation, retired from the Board in April 1990 after 10 years of dedicated service. He was named an advisory director.

**Frederick E. Hennig**, president and chief operating officer of Woolworth Corporation, was elected a director effective December 1990.

**A. S. D'Amato** also was elected to the Board, effective July 1990, when he became president and chief operating officer of Borden.

## In Memoriam

**Courtney C. Brown**, dean emeritus of Columbia University's Graduate School of Business and a Borden director from 1965 to 1977, died on April 14, 1990.

**Franklin H. Williams** died on May 20. He was a former president of the Phelps-Stokes Fund and served as a Borden director from 1977 to 1988.

Both men brought wisdom, insight and enthusiasm to the Board for many years. They were admired greatly by all who knew them.

# Five-Year Selected Financial Data

*(All dollar and share figures in thousands—except market price, number of common shareholders, average number of employees, and per share statistics)*

| *For the Years* | 1990 | 1989* | 1988* | 1987* | 1986* |
|---|---|---|---|---|---|
| **Summary of Earnings** | | | | | |
| Net sales | **$7,632,837** | $7,653,318 | $7,304,358 | $6,573,801 | $5,057,991 |
| Income taxes | **212,000** | 63,100 | 232,700 | 206,200 | 166,900 |
| Net income (loss) | **363,596** | (60,552) | 311,882 | 267,056 | 223,312 |
| Percent of net income to sales | **4.8%** | ** | 4.3% | 4.1% | 4.5% |
| Net income (loss) per common share | **$ 2.46** | $ (0.41) | $ 2.11 | $ 1.81 | $ 1.50 |
| Dividends: | | | | | |
| Common share | **$ 1.035** | $ 0.90 | $ 0.745 | $ 0.62 | $ 0.547 |
| Preferred series B share | **1.32** | 1.32 | 1.32 | 1.32 | 1.32 |
| Average number of common shares outstanding during the year | **147,934** | 148,213 | 147,838 | 147,425 | 149,095 |
| **Financial Statistics** | | | | | |
| Capital expenditures | **$ 331,089** | $ 243,960 | $ 232,640 | $ 201,773 | $ 163,017 |
| Inventories | **665,459** | 664,021 | 654,941 | 566,177 | 462,571 |
| Property, plant and equipment, net | **1,706,824** | 1,441,476 | 1,387,932 | 1,194,760 | 1,443,246 |
| Depreciation and amortization | **197,315** | 186,025 | 172,870 | 159,147 | 137,237 |
| Total assets | **5,284,261** | 4,824,896 | 4,440,326 | 4,157,363 | 3,582,189 |
| Current assets | **2,026,147** | 2,011,394 | 1,814,323 | 1,868,958 | 1,437,470 |
| Current liabilities | **1,847,026** | 1,539,379 | 1,222,612 | 1,147,117 | 1,005,338 |
| Working capital | **179,121** | 472,015 | 591,711 | 721,841 | 432,132 |
| Current ratio | **1.1:1** | 1.3:1 | 1.5:1 | 1.6:1 | 1.4:1 |
| Long-term debt | **$1,339,764** | $1,440,563 | $1,160,140 | $1,172,095 | $ 845,442 |
| Total debt to adjusted total capitalization | **53%** | 51% | 43% | 44% | 42% |
| Shareholders' equity | **$1,841,562** | $1,645,415 | $1,848,615 | $1,658,849 | $1,438,743 |
| Liquidating value of preferred stock | **(219)** | (235) | (299) | (376) | (409) |
| Common shareholders' equity | **1,841,343** | 1,645,180 | 1,848,316 | 1,658,473 | 1,438,334 |
| Equity per common share at year-end | **12.50** | 11.12 | 12.50 | 11.26 | 9.77 |
| Return on average shareholders' equity | **20.9%** | ** | 17.8% | 17.2% | 15.7% |
| Ratio of earnings to fixed charges | **3.6:1** | 1.0:1 | 4.1:1 | 4.4:1 | 4.9:1 |
| **Shareholders' Data** | | | | | |
| Outstanding shares at year-end: | | | | | |
| Common | **147,271** | 147,956 | 147,819 | 147,306 | 147,249 |
| Preferred series B | **8** | 8 | 10 | 13 | 14 |
| Market price of common stock: | | | | | |
| At year-end | **$ 29⅞** | $ 34⅜ | $ 29⅝ | $ 24¾ | $ 23½ |
| Range during year | **37⅞-27** | 38⅝-27¾ | 30⅝-23⅝ | 32-15 | 26¼-15⅞ |
| Number of common shareholders | **39,010** | 39,098 | 38,465 | 40,743 | 40,474 |
| **Employees' Data** | | | | | |
| Payroll | **$1,135,500** | $1,070,200 | $1,077,800 | $ 815,400 | $ 667,500 |
| Average number of employees | **46,300** | 46,500 | 45,400 | 39,400 | 33,800 |

**Reclassified to conform with change in business policy.*
***Not meaningful because of net loss in 1989.*

# Corporate Information

### Executive Offices

Borden, Inc.
277 Park Avenue
New York, New York 10172
Telephone (212) 573-4000

### Administrative Headquarters

180 East Broad Street
Columbus, Ohio 43215
Telephone (614) 225-4000

### Annual Meeting

The Annual Meeting will be held on Friday, April 19, 1991, beginning at 11:00 a.m. in the Hunterdon Theatre, Church Street and Route 31, Flemington, New Jersey 08822

### Independent Accountants

Price Waterhouse
41 S. High Street
Columbus, Ohio 43215

### Transfer Agent, Registrar & Dividend Disbursing Agent

The Bank of New York
P.O. Box 11258
Church Street Station
New York, New York 10286
Telephone 1-(800) 524-4458

### Debenture and Note Trustees

8⅜% Sinking Fund Debentures
10¼% Notes
The First National Bank of Chicago
Chicago, Illinois 60670

9¼% Sinking Fund Debentures
9⅞% Notes
Medium-Term Notes, Series A
The Bank of New York
New York, New York 10286

10⅝% Canadian Dollar Notes
Banque International á Luxembourg S.A.
L-2953 Luxembourg

### Exchange Listings

Common Stock (Ticker Symbol-BN)
New York Stock Exchange
The Common Stock is currently listed on exchanges in Tokyo, Japan; and Basel, Geneva, Lausanne and Zurich, Switzerland.

New York Stock Exchange
8⅜% Sinking Fund Debentures, due 2016
10¼% Notes, due 1995

Luxembourg Stock Exchange
10⅝% Canadian Dollar Notes, due 1993

### Japanese Shareholder Service Organization & Paying Bank

The Yasuda Trust & Banking Co., Ltd.
Stock Transfer Agency Department
1-2-1, Yaesu, Chuo-ku,
Tokyo, Japan

### Date and State of Incorporation

April 24, 1899 - New Jersey

### Dividend Reinvestment Plan

A dividend reinvestment plan is available to Borden shareholders. Quarterly common stock dividends may be automatically reinvested in Borden common stock, and optional cash investments may be made for the purchase of additional shares. No service fees or commissions are assessed for shares purchased under this program.

*For more information, write to:*

The Bank of New York
P.O. Box 11260
Church Street Station
New York, New York 10277

### Form 10-K Report

Borden, Inc. will furnish to any shareholder, without charge, a copy of its most recent annual report on Form 10-K, as filed with the United States Securities and Exchange Commission.

*Written requests should be directed to:*

Borden, Inc.
Director, Investor Relations
277 Park Avenue
New York, New York 10172

BORDEN

IF IT'S BORDEN-IT'S GOT TO BE GOOD

BORDEN, INC. 277 PARK AVENUE NEW YORK, N.Y. 10172